FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

ANNUAL REPORT
2023 | 2024

Canada

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Word From the Chair

As we navigate through an era marked by significant transitions and global challenges, The Federal Bridge Corporation Limited (The FBCL) remains steadfast in our commitment to excellence, innovation, and strategic stewardship. Our journey has been characterized by a deliberate approach to governance, sustainability, and operational efficiency, laying the groundwork for a future that aligns with the broader goals of stewardship and societal responsibility.

In reflecting on 2023-24, I must first extend my deepest appreciation to our team, partners, stakeholders, and the communities we serve. This deep and continuous cooperation has solidified The FBCL's crucial role in the connectivity and economic growth of Canada. The FBCL is dedicated to upholding our public duty for the benefit of all these groups.

A pivotal element of our corporate governance focus has been the integration of Environmental, Social, and Governance (ESG) principles in decision-making. Our comprehensive ESG Framework ensures the resilience of The FBCL's operations and assets for the long term. These efforts are epitomized by this Board's continued focus on a rigorous Enterprise Risk Management system, supported by a modernized corporate compliance framework and an expanded conflict of interest process.

Our reconciliation efforts with Indigenous communities exemplify our steadfast commitment to meaningful engagement and mutual respect. By providing employment, honouring indigenous culture and right, maintaining an open dialogue with community leadership, and prioritizing Indigenous representation in procurement, we build bridges of understanding and collaboration. These actions underscore our reconciliation principles and cement their integration into our mandate.

The Corporation has continued a prudent approach of responsible financial stewardship, which serves as a cornerstone of our strategy to ensure our long-term viability and success. Achieving an S&P A+ credit rating once again reflects our value in managing public finances.

As we look to the future, our path is illuminated by our dedication to the utmost safety and security of our international bridge portfolio, our service to the traveling public, and our stewardship of the environment, our people, and our host communities.

Thank you for your ongoing trust and support in The FBCL. Together, we are not just maintaining bridges; we are fostering enduring connections that unite communities, enhance economic growth, and promote sustainability for generations to come.

P. Daigneault

Pascale Daigneault

Chairperson of The FBCL

Word From the Chief Executive Officer

As the CEO of The FBCL, it is with gratitude and renewed commitment that I reflect on our operational achievements over the past fiscal year and look towards the future. Amidst a backdrop of global challenges, our team has demonstrated resilience, innovation, and dedication. This dedication is supported by the unwavering support of our partners, stakeholders, and the Government of Canada. The confidence placed in me by the Honourable Pablo Rodriguez, Minister of Transport, through my re-appointment for another five years, motivates us to strive for even greater heights.


Natalie Kinloch

This year was marked by advancements and milestones such as the completion of the rehabilitation of the First Blue Water Bridge. This accomplishment, along with our continuous positive bridge inspection reports and the rehabilitation of the Rift Bridges at the Thousand Islands International Bridge, underlines our ethos. Our investments in the asset management program, notably through the integration of a geographic information system (GIS) platform and alignment of financial capital needs, exemplify our dedication to infrastructure quality.

Building on our foundational pledges, we received international recognition with the Tolling Excellence Award from the International Bridge, Tunnel and Turnpike Association (IBTTA). This accolade is a testament to our dedication to enhancing the user experience and heralds a new standard of industry efficiency, affirming the results of our vision and international cooperation.

This year, we also made significant strides by aligning our ESG principles with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and undertaking a greenhouse gas (GHG) baseline study. We also embraced the heritage of our Indigenous community in Cornwall, showcasing their heritage through murals and culturally significant symbols along the bridge corridor.

Central to our achievements and future aspirations is the strength and dedication of our workforce. This year saw us bolstering our employee value proposition, underscored by a renewed long-term collective agreement, enhanced employee benefits, and a remarkable employee engagement level of 88%. Furthermore, our dedication to workplace equality and inclusivity is exemplified by the launch of the FBCL Pay Equity Plan and the introduction of an Accessibility Plan, underscoring our commitment to inclusivity and barrier-free access. These plans align with our ESG goals, strengthening our organizational integrity and encapsulating our broader focus on fairness and social responsibility.

These foundational pieces are crucial to our operational strategy, reflecting that people are at the heart of our success.

My re-appointment as CEO is not just a personal honour, but a testament to the collective achievements and potential of The FBCL. I am grateful for the opportunity to continue leading this exceptional organization, supported by a dedicated team, committed partners, and a clear vision for the future. Together, we will build on our successes, navigate upcoming challenges, and ensure that The FBCL remains a bi-national model of cooperation excellence and a bridge to a prosperous, connected, and sustainable future.

Natalie Kinloch

Natalie Kinloch

Chief Executive Officer of The FBCL

Corporate Profile

Background

The Federal Bridge Corporation Limited (FBCL) is a parent Crown Corporation that operates at arm's length from the federal government. Headquartered in Ottawa, the Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario. FBCL is a bridge corporation enabling Canada's trade, tourism and bi-national interests with the United States. It is of acute national interest, enabling essential daily Canadian-U.S. trade, supporting its economies and guaranteeing resilience of the supply chain.

The corporate operational structure allows FBCL to manage all bridges as a portfolio, sharing staff, expertise, support infrastructure, and best practices through a common administrative framework for the collective benefit of the four assets.

Bridge operations for the Blue Water Bridge and the Seaway International Bridge are administered directly, or through a subsidiary, by FBCL, whereas FBCL provides a liaison function through local bridge authorities for the operations of the Sault Ste. Marie International Bridge and the Thousand Islands International Bridge.

	SAULT STE. MARIE INTERNATIONAL BRIDGE	BLUE WATER INTERNATIONAL BRIDGE	THOUSAND ISLANDS INTERNATIONAL BRIDGE	SEAWAY INTERNATIONAL BRIDGE
FBCL OWNERSHIP	50% of the bridge; 100% of Canadian bridge plaza and port of entry	50% of each of the twin bridges; 100% of Canadian bridge plaza and port of entry	100% Canadian Bridge; 50% Rift Bridges; 100% of Canadian bridge plaza and port of entry	100% North Channel Bridge, 100% of Canadian toll plaza and International Road; 32% South Channel Bridge
INTERNATIONAL PARTNER	Michigan Department of Transportation	Michigan Department of Transportation	Thousand Islands Bridge Authority, a New York State *Public Authorities Law* public benefit corporation	Great Lakes St. Lawrence Seaway Development Corporation (GLS), an agency of the United States Department of Transportation
BRIDGE OPERATOR	International Bridge Administration, a distinct administrative unit within the Michigan Department of Transportation with delegated authority from Sault Ste. Marie Bridge Authority, a separate legal entity constituted by Michigan Department of Transportation and FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	Thousand Islands Bridge Authority	Seaway International Bridge Corporation Limited, an FBCL subsidiary Canadian Crown corporation
GOVERNANCE STRUCTURE	Eight Directors: four Americans appointed by the Governor of Michigan; four Canadians appointed by FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	U.S. Chair and six Directors appointed by Jefferson County: three Americans and three Canadians (recommended by FBCL)	Eight Directors appointed by FBCL, four Canadians and four Americans (recommended by GLS)

Mandate

FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business and undertakings of the Corporation are limited to the following:

a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structures, facilities, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;

b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and

c) Any business, undertaking or other activities incidental to any bridge, or other related structures, facilities, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act* (FAA), the *Canada Business Corporations Act* (CBCA), and these articles, as amended from time to time, the capacities and powers of a natural person.

Main Activities

In accordance with the Treasury Board Secretariat Policy on Results, FBCL's Core Responsibility statement is "Managing international bridges".

It reports to the Parliament of Canada through the Minister of Transport. The Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario and is headquartered in Ottawa, Ontario.

SAULT STE. MARIE INTERNATIONAL BRIDGE	BLUE WATER BRIDGE	THOUSAND ISLANDS INTERNATIONAL BRIDGE	SEAWAY INTERNATIONAL BRIDGE
Sault Ste. Marie, Ontario	**Point Edward (Sarnia), Ontario**	**Lansdowne, Ontario**	**Cornwall, Ontario**
Sault Ste. Marie, Michigan	**Port Huron, Michigan**	**Alexandria Bay, New York**	**Rooseveltown, New York**

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

Strategic Authority

FBCL's mission, vision and pillars define the framework for the Corporation's strategic direction as approved by the Board of Directors.

MISSION

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in four selected international bridge crossings between Canada and the United States.

VISION

Striving to optimise the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

PILLARS

FBCL delivers on its mission through its five strategic pillars below:

- A corporation operating with a portfolio management approach and focused on providing excellent customer service;
- Stewardship of the bridge assets under its responsibility, focused on safety and security through a program of independent inspections, and appropriate capital and maintenance programs;
- Effective use of technology, utilizing common platforms to ensure efficiency of operations and accuracy of information, managed in a manner that limits associated risk and cost;
- Sustainability of operations, maintenance and administration through a shared revenue approach, prioritized investment, toll optimization and cost containment; and,
- Sound governance of the Corporation, through an optimized structure, the required capacity and skills, and strong relationships with stakeholders.

ESG COMMITMENT

FBCL is firmly committed in its international bridge operations to minimizing its impact on the environment, to ensure a financially resilient future and to the respect of its employees, stakeholders and host communities. In 2023-24, FBCL has embedded an Environmental, Social, and Governance (ESG) Framework in its international bridge operations, creating value through:

- Weaving ESG into all aspects of the corporation to inform decision-making at all levels benefiting long-term sustainability of FBCL's assets;
- Supporting initiatives that benefit the FBCL's customers, host communities, and employees; and,
- Offering a positive employee experience and engaging our employees in delivering on ESG objectives.

The scope of ESG at FBCL encompasses:

Environment

- Optimizing resources and energy to minimize emissions;
- Being a caretaker of the land and adjoining waterways;
- Integrating environmental sustainability and limiting environmental impact; and
- Furthering accomplishment of climate change targets.

Social

- Creating a relationship and reputation with people, institutions and communities; and
- Furthering labour relations, diversity, equity and inclusion.

Governance

- Monitoring the internal system of practices, controls, and procedures;
- Optimizing methods to make decisions and comply with laws; and
- Meeting the needs of stakeholders.

Alignment With United Nations Sustainable Development Goals

In September 2015, the Government of Canada and 192 other Member States, adopted the United Nations 2030 Agenda for Sustainable Development. The agenda consists of 17 Sustainable Development Goals (SDGs) centered on poverty elimination, protection of the planet, and universal peace and prosperity by 2030.

The *Federal Sustainable Development Act* (FSDA) provides the legal framework for developing and reporting on a Federal Sustainable Development Strategy (FSDS), which is the Government of Canada's primary vehicle for sustainable development planning and reporting. Canada's 2022 to 2026 FSDS includes specific, measurable, and time-bound targets linked to the 17 SDGs.

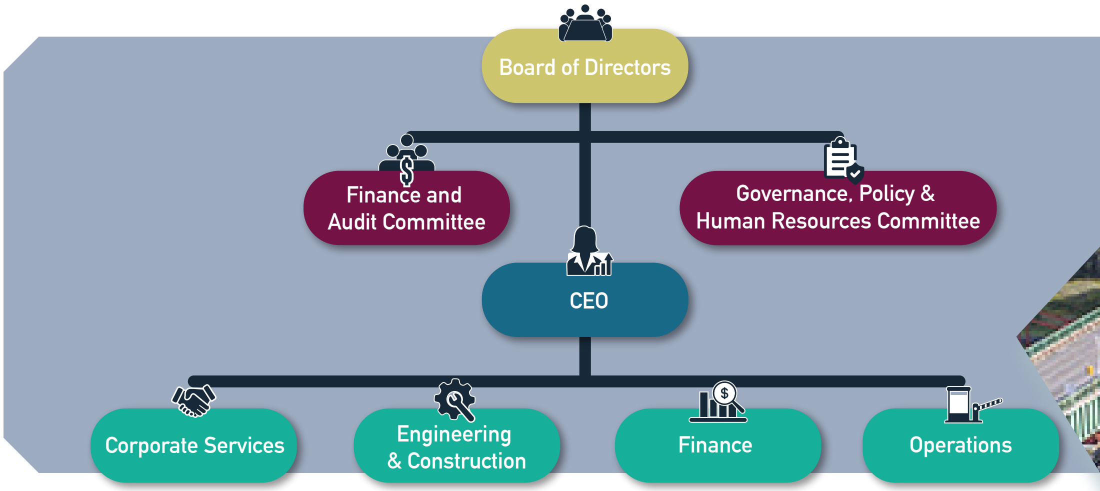
As a federal Crown corporation, FBCL is not subject to the application of the FSDA and is therefore not required to contribute to the development and reporting of the FSDS. That said, FBCL as an agent of His Majesty is intrinsically tied to the SDGs. FBCL recognizes the need to align its business to these goals. As part of its ESG Framework, in addition to adopting goals 10, 12, and 13, which are required by all corporations subject to the Act, FBCL has opted to implement an additional three.

The FBCL goals are as follows and are discussed within this Annual Report as depicted by the various UNSDG icons. Baseline data on goals have been compiled and performance reporting against these goals will begin in 2024-25.

Champion gender equality	**Foster innovation and green infrastructure in Canada**	**Advance reconciliation with Indigenous peoples and take action to reduce inequality**	**Reduce waste and transition to zero-emission vehicles**	**Take action on climate change and its impacts**	**Promote fair and accessible Justice System, Enforce Environmental Laws and Manage Impacts**

Corporate Governance

As a Crown corporation, FBCL is governed by a Board of Directors ("the Board") and is accountable to Parliament through the Minister of Transport. The Board is composed of seven directors, including the Chairperson and the Chief Executive Officer (CEO). The Chairperson and the CEO are appointed by the Governor in Council, in accordance with section 105 of the FAA. The directors, other than the Chairperson and the CEO, are appointed by the Minister with the approval of the Governor in Council.



Legislative authority

FBCL is a corporation constituted under the CBCA, is listed in Schedule III Part I of the FAA, and is an agent of The Crown, following the amalgamation in 2015 of the predecessor corporation, also known as The Federal Bridge Corporation Limited with several other bridge corporations.

The amalgamations have contributed significantly to resolving historical governance issues and allowed for increased focus and greater accountability for the international bridges under its purview.

Public accountability

FBCL is governed by a Board of Directors that is accountable for oversight and strategic direction. The CEO is a member of the Board and is responsible for the day-to-day management and performance of the Corporation in addition to supporting the Board in its oversight role.

FBCL Board Role

The Board is responsible for the oversight and strategic direction of the Corporation. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed. Eight meetings of the Board of Directors are typically held in each fiscal period.

The Board is supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee.

The Board has established a Charter for each Standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities. Committee membership is subject to change and presently serving committee members are listed on the Corporation's website.

In accordance with section 113.1 (1) of the FAA, the Board of Directors holds an annual public meeting each year, which is open to the public, to highlight the Corporation's activities over the past year, as well as current and future initiatives. FBCL's most recent annual public meeting was held both virtually and in person on October 19, 2023, in Point Edward, Ontario. The presentation from this meeting is published on FBCL's website. The next annual public meeting is scheduled on October 17, 2024.

Committees

FINANCE AND AUDIT COMMITTEE

Mandate: As per the duties outlined in the FAA, the Finance and Audit Committee provides oversight and makes recommendations to the Board on the standards of integrity and behaviour, the reporting of financial information, management control practices, risk and asset management together with insurance needs.

The Committee is responsible for advising the Board on matters related to financial statements, any internal audit of the Corporation and the annual auditor's report of the Corporation. It is also responsible to review and advise the Board with respect to a special examination, it's resulting plans, and report updates in reference to the Asset Management Program. The Committee performs other functions assigned to it by the Board and they are included in corporate by-laws.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex-officio member of the Committee.

GOVERNANCE, POLICY AND HUMAN RESOURCES COMMITTEE

Mandate: This Committee assists the Board in overseeing the Corporation's governance, Board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility and includes ESG matters. Its function is not to approve but make recommendations for approval by the Board.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. As with the Finance and Audit Committee, the Board Chair is also a non-voting ex-officio member of the Committee.

BOARD OF DIRECTORS REMUNERATION

The Governor-in-Council establishes the remuneration paid to the Chair, other Board members and the Chief Executive Officer. The remuneration of the Chair and other Board members follows the Government's Remuneration Guidelines for Part-time Governor in Council Appointees in Crown corporations and is pursuant to section 108 of the FAA. The Chair receives an annual retainer of $6,400 - $7,500 and a per diem of $200 - $300 for attending regular and committee meetings, while other Board members are paid an annual retainer of $3,200 - $3,800 and a per diem of $200 - $300. Board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodations, and meals, incurred in the performance of their duties.

In 2023-24, Board members received the following reimbursements for expenses:

BOARD MEMBERS	Retainer Earned	Per Diems	Travel / Training Reim-bursements	Total	Attendance			
					Board Meetings	Committee Meetings		Training / Recruitment
NOTES	a	Meetings / Travel a,b	c			GPHR e	FAC f	# of days
Pascale Daigneault - Sarnia, ON	$7,500	$6,975	$8,526	$23,001	8/8	3/3	4/4	2/2
John Lopinski - Port Colborne, ON	3,800	6,525	5,591	15,916	8/8	3/3	4/4	1/1
Marie-Jacqueline Saint-Fleur - Montreal, QC	3,800	5,175	1,314	10,289	7/8	3/3	4/4	0/0
Travis Seymour - Cornwall, ON	3,800	4,725	1,703	10,228	8/8	0/0	4/4	0/0
Rakesh Shreewastav - Toronto, ON	3,800	6,150	7,955	17,905	8/8	3/3	0/0	2/2
Natalie Kinloch (Note d) - Apple Hill, ON	n/a	n/a	n/a	-	8/8			
Total	$22,700	$29,550	$25,088	$77,338				

a. Rates per Order-in-Council PC2015-84, January 30, 2015, for the Chairperson. Rates per Order-in-Council PC2015-81, January 29, 2015, for other Directors. These are supplemented by *Guidelines for the Remuneration of the Chairperson and other Directors of The Federal Bridge Corporation Limited (2015)*, which is based on *Remuneration Guidelines for Part-time Governor in Council Appointees in Crown Corporations* (2000), published by the Privy Council Office.

b. Includes attendance at Board and Committee meetings, annual public meeting, strategic planning sessions, teleconference, special duties, and additional travel days.

c. Travel and training reimbursements include repayment of reasonable out-of-pocket expenses and registration fees in accordance with FBCL's *Travel, Hospitality, Conference, and Events Policy.*

d. The Chief Executive Officer is also a member of the Board of Directors and receives no additional compensation for those duties.

e. GPHR stands for Governance, Policy, and Human Resources Committee

f. FAC stands for Finance and Audit Committee

Senior Executives

The following individuals hold key senior executive positions within the Corporation:

NAME	TITLE
Natalie Kinloch	Chief Executive Officer
Richard Iglinski	Chief Financial Officer
Thye Lee	Vice-President, Engineering and Construction
Rémi Paquette	Chief Corporate Services Officer
Karen Richards	Chief Operating Officer

SENIOR EXECUTIVES REMUNERATION

The employment conditions of the Chief Executive Officer are provided by the Terms and Conditions of Employment for Full-Time Governor-in-Council Appointees. The salary range for the Chief Executive Officer position (CEO 3) is $221,600 - $260,700 (based on approved 2023-24 compensation for Crown corporation CEOs as outlined by Treasury Board). The Chief Executive Officer does not receive an annual retainer nor a per diem for attending Board meetings. The Governor in-Council may also grant to the Chief Executive Officer performance pay of up to 15 percent of the base salary, according to the achievement of key performance objectives, as determined by the Board of Directors.

Remuneration for senior management is modeled on the Government of Canada Executive Group (EX) salary scales.

Audit Regime

The audit regime consists of external and internal audits.

The external audit regime requires the Office of the Auditor General to conduct an annual audit of the consolidated financial statements, to verify that they fairly reflect the operating results and financial position, and that the transactions have been carried out in accordance with International Financial Reporting Standards (IFRS) and Part X of the FAA. The Office of the Auditor General also conducts a special examination at least once every ten years to confirm that assets are being safeguarded and controlled, that financial, human and physical resources are being managed efficiently, and that operations are being conducted effectively. Such an examination was completed in June 2022, with very positive results, which are available on FBCL's website.

The internal audit regime aims to strengthen accountability, risk management, resource stewardship, and good governance by ensuring that internal audit is a key governance component. Risk-based, multi-year audit plans are developed and reviewed annually to identify key risk areas common to all bridge locations.

Code of Conduct

The purpose of the *Public Servants Disclosure Protection Act* is to encourage employees in the public sector, including Crown corporations and other public agencies, to come forward if they have reasons to believe that serious wrongdoing has taken place and to provide protection to them against reprisal should they do so. One requirement of the Act is to promptly provide public access to certain information respecting founded cases of wrongdoing resulting from a disclosure brought forward. Specifically, the Corporation must describe the wrongdoing, the recommendations made to the CEO through the designated disclosure officer, and the corrective action taken by the CEO. FBCL's disclosure officer is the Chief Corporate Services Officer.

The Board approved a Code of Values and Ethics that sets out FBCL's values, its commitment to ethics and expected behaviours from all employees in their dealing with their colleagues, the public, and other governmental or external entities. The Code is signed annually by all employees during their annual performance review.

The Corporation fully adheres to the spirit of the *Public Servants Disclosure Protection Act* and has had no disclosures to date.

Risk management

The enterprise risk management process at FBCL is comprised of four main components:

- the Corporate Risk Profile;
- the Corporate Risk Appetite Statement Framework;
- the Corporate Risk Metrics;
- the Corporate Risk Registry; and,
- the three-year risk-based audit plan.

FBCL views risk management as a shared responsibility. The Board of Directors, committees, CEO, and all employees actively participate in managing risks within their respective areas of responsibility. The aim is to embed a consistent, holistic, and comprehensive approach to risk management, firmly rooted in the corporation's planning, decision-making, and operational activities.

The Board is accountable, along with the CEO, for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- provides direction and oversees risk management strategies, including setting risk targets, appetite, tolerances and capacity;
- provides leadership in risk management and managing strategic risks within the Corporate Risk Profile;
- ensures identification of key risks and implements effective systems and resources for risk management;
- upholds information systems and management practices that meet corporate requirements and ensure data integrity; and
- communicates significant residual risks to specific stakeholders and through the Minister of Transport to central agencies and Parliament, as appropriate.

The Board of Directors has endorsed the following risk profile and tolerance matrix, adapted from the widely recognized Paisley Consulting Governance, Risk and Compliance assessment methodology.

5X5 Risk Matrix

Consequence						
	Severe 5	Moderate 5	Major 10	High 15	Severe 20	Severe 25
	High 4	Moderate 4	Moderate 8	Major 12	High 16	Severe 20
	Major 3	Low 3	Moderate 6	Moderate 8	Major 12	High 15
	Moderate 2	Low 2	Low 4	Moderate 6	Moderate 8	Major 10
	Low 1	Low 1	Low 2	Low 3	Moderate 4	Moderate 5
		Rare 1	Unlikely 2	Moderate 3	Likely 4	Almost Certain 5
	Likelihood					

▼: Critical ▲: High ■: Moderate ▞: Major ●: Low ↔: Stable ↑: Increasing Risk ↓: Declining Risk

	Risk Description		Mitigations Strategies
Financial Sustainability	Risk that financial instability may occur, due to a significant reduction in revenue generation (i.e.: reduced toll revenue), unexpected expenditures or mismanagement, which could lead to reductions in bridge operations, maintenance, bridge safety and security, jeopardizing employees and clients.	▲↑	• Actively monitor and prioritize expenditures against budget; • Manage corporate financial sustainability; • Continually assess overall debt and explore potential solutions; • Proactively pursue funding opportunities of significant capital requirements; • Explore additional revenue opportunities, including business development; • Collaborate with CBSA to develop strategies for long-term CBSA facility cost management.
Funding of SIBC	Risk that the FBCL will not be provided appropriate levels of government funding in order to operate the SIBC crossing safely. This may occur at both the operational funding level or the long-term capital infrastructure level, both of which have the potential to inhibit the ability of the crossing to be maintained as a critical lifeline piece of infrastructure.	▲↑	• Managing financial sustainability in the context of SIBC's viability; • Continuously engage with GLS to manage available funding and explore future options; • Completing a lifecycle study of the South Channel Bridge; • Secure future funding commitments and provide supporting information to Transport Canada (TC).
Cybersecurity	Risk that technology security compromises may occur, due to human error, unintentional consequences, equipment failure, natural disasters and deliberate attacks, such as cybercrime, which could lead to critical system failures, financial and reputational liabilities.	■↑	• Regularly update hardware and software as part of lifecycle management; • Ensure rigorous testing and management of releases; • Implement a clear change management program; • Conduct regular audits and manage access as per internal control policies.

	Risk Description		Mitigations Strategies
External Forces	Risk that the FBCL is unable to deliver on its mandate due to changing economic cycles (e.g. market supply chain), social and political instability in both Canada and the U.S. This could result in significant impacts to operations, staffing and infrastructure investments across the portfolio.	↑	• Monitor global issues and their potential impacts; • Engage in continuous consultation with local partners; • Actively monitor and prioritize expenditures against budget; • Maintain an ongoing Business Continuity Plan; • Adapt risk management strategies as necessary.
Public and Asset Security	Risk that asset (bridge, facilities or plaza infrastructure) security may be compromised due to intentional acts such as terrorism, protests, vandalism, and criminal activities, which could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	⇔	• Active media monitoring and reports of target audiences; • Keeping abreast of host communities' matters • Ongoing monitoring of high-risk area for port running; • Investigate preventative measures for mental health-related incidents; • Maintain and update international bridges security plans; • Ensure excellent communication with bridge operators, partners, and local police forces; • Adhere to MOUs with Transport Canada regarding security measures, as per the *International Bridges and Tunnels Act*.
Organizational	Risk that organizational threats may occur across the FBCL portfolio, due to structural or governance changes, a transition in executive leadership, underlying management, and labour performance difficulties and complications with bi-national partners, which could lead to an erosion of operational and financial performance.	⇔	• Manage the financial sustainability and viability of SIBC; • Implement key policies such as financial delegation, banking, investments, procurement, code of values and ethics, and risk management; • Maintain effective staffing procedures and succession planning; • Ensure FBCL succession plans are current and effective.
People Safety	Risk that compromised people safety instances may occur, due to accidents, incidents, natural disasters, workplace injuries or major public health events, which could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to significant financial liabilities and loss of employee and public confidence.	⇔	• Control risks to personnel in line with public health advisories; • Maintain updated Emergency Action Plans supported by Business Continuity Plan; • Maintain a modern health and safety program supported by engaged Health and Safety Committee; • Conduct continuous employee safety training and awareness sessions.
Asset Management	Risk that the FBCL is unable to suitably forecast and perform appropriate levels of ongoing maintenance and capital investment in order to ensure the longevity and safety of its bridge crossings. This could result in significant liability and decrease in public confidence in the corporation's ability to be a trusted steward of its international crossings.	⇔	• Forecast capital requirement accurately; • Develop long-range capital investment plans supported by detailed condition assessment data; • Engage with government for adequate and timely funding;
Workforce Management	Risk that workforce management issues may occur, due to labour disruption, insufficient human resources, a lack of skilled employees, the lack of proper leadership and the lack of an appropriate compensation structure, which could lead to the inability to staff key positions, an increased and constant regrettable staff turnover, unsatisfied and non-engaged employees and an inability to effectively deliver or execute the FBCL's mandate.	↑	• Utilize innovative recruitment programs that evolve based on host community available workforce; • Require compulsory training and review of policies on harassment and violence prevention, conflict of interest, values and ethics, disclosure of wrongdoing; • Maintain up-to-date labour plans and collective agreements; • Invest in People Leaders development and support; • Maintain proactive, timely and transparent communications.

	Risk Description		Mitigations Strategies
Reputation	Risk that negative public perception of the Corporation may occur, due to the inability to foster a positive and productive relationships with host communities, stakeholders and the public, which could lead to decreased credibility of the Corporation, difficulties in obtaining support and cooperation for initiatives and potentially, disruption to operations.	● ↑	• Execute Community ConneXion charitable outreach activities to build positive local engagement; • Implement an active media engagement strategy; • Enhance liaisons with emergency services; • Foster active stakeholder engagement.
Environmental, Social, and Governance	Risk that the FBCL has an investment gap (funding or resources) in sustainable development, including risks related to climate change, which could lead to damage to the bridge infrastructure and the environment, a negative public perception of the corporation, and the loss of public funds through claims against the corporation.	● ↑	• Align strategies with the United Nations' 2030 Agenda for Sustainable Development and TCFD; • Implement and monitor ESG action plan aligned to the FBCL ESG Framework to achieve measurable results
Technology	Risk that technology solutions may be inaccessible or unusable due to third party interruptions or inadequate recovery actions which could lead to critical system failures, financial and reputational liabilities.	● ↔	• Deploy prevailing best practices in technology availability and internal controls; • Ensure continuous hardware and software updates; • Ensure proper testing and release management of all system updates; • Create and maintain a clear change management program; • Audit and manage access effectively.
Fraud	Risk that fraud is committed due to intentional act(s) by one or more individual employees, which could lead to the loss of public funds or property, diminish employee morale, and undermine Canadians' confidence in public services.	● ↔	• Monitor security in all vulnerable areas; • Maintain modern cash handling and internal control policies; • Enforce yearly Conflict of Interest attestations for both employees and Board members; • Conduct yearly review of the Values and Ethics Code; • Maintain an up-to-date Disclosure of Wrongdoing Policy.
Partnerships / Stakeholders	Risk that actions by partners and stakeholders may occur, due to environmental factors and business decisions, which could lead to a deterioration in ability to meet business objectives and public service obligations.	● ↔	• Engage actively with key stakeholders and border partners; • Maintain open and timely communications; • Execute Community ConneXion charitable outreach activities to build positive local engagement; • Participate in host community events and meetings.
Competition	Risk that competition will impact the FBCL, due to the availability of competing international crossings or modes of transportation offering better pricing or route destinations, which could lead to a decrease in tolling and general revenue impacting overall financial sustainability.	● ↔	• Monitor toll rates and offerings at other crossings; • Stay informed on progress of the Gordie Howe International Bridge; • Develop an engagement strategy with key stakeholders, such as border partners.
Infrastructure	Risk that compromised infrastructure (bridge, facilities or assets) integrity instances may occur, due to accidents, incidents, natural disasters or capital cycle funding gap, which could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	● ↔	• Develop maintenance and repair programs based on regular inspection reports; • Ensure compliance with bridge inspection requirements; • Maintain continuous updates on maintenance progress; • Engage with Transport Canada to communicate the need for capital funding.

Business and Performance

Performance Assessment

The Corporation continues to focus on the core and future of its business to ensure bridge availability and maintain public trust via four key areas, as defined below. While the stewardship of assets and operational optimization remain foundational pieces of the mandate, increasing weight is being placed on skills development, retention, and digital tools in order to ensure the long-term sustainability of the Corporation and its subsidiary. The objectives are separated into four main strategic goals as follows:

- **Sustain Assets, Infrastructure and Operations:**
  - Maintain the stewardship over the quality of FBCL's assets
  - Deliver optimal traffic flow through appropriate levels of service
  - Bolster portfolio health and safety
- **Ensure Adaptable Scalability:**
  - Prioritize risk
  - Optimize business operations
- **Optimize Financial Sustainability:**
  - Diversify revenue and growth
  - Control of robust financial operations
  - Solidify capital and debt plans
- **Nurture Excellence in People:**
  - Support employee development and diversity, enhance corporate citizenship
  - Maintain community engagement opportunities

The performance assessment below includes the objectives that are included in the 2023-24 to 2027-8 Corporate Plan.

Outcomes	Performance Indicators	Target	Status[1]
Capital assets (bridges, roads, and facilities) are properly maintained, safe and efficient	Percentage of high priority projects identified in bridge inspection reports completed on time and on budget	100%	**Achieved**
	Percentage of capital projects completed on time and on budget	>90%	**Achieved**
	Percentage of the asset inventory and Geographical Information System (GIS) that is digitized	100% of imagery (GIS) 100% of inventory at all bridge locations	**On target** - Bridges and roadways have been digitised - Facilities inventory has commenced with internal component digitisation underway

[1]The status are defined as follows:
-Achieved: annual objective has been fully completed (marked as green)
-On-target: indicates that the current year's portion of the multi-year objective has been met (marked as green)
-Other: not achieved or on-target (marked as yellow if progressing and orange if not met

Traffic flow is improved and reduces idling time	Perform a GHG study	To complete	**Achieved**
	Percentage of improvement in significant identified bottlenecks	> 5% over baseline to be established in GHG study	**On target** - Baseline year has been established - Strategies to improve bottlenecks are being established
Partner and stakeholder relationships are fortified and portfolio integration is expanded	Number of collaborative projects implemented	≥ 1 annually	**Achieved**
	Finalize settlement agreement with The Crown and MCA	Per Crown established timeline	**Settlement agreement was not ratified** - Draft Settlement agreement was rejected by community referendum - FBCL defers to The Crown to lead matter
	Implement a long-term solution for the governance of SIB	Complete within 24 months of bi-national agreement	**Discussion with US partner GLS is progressing**
	Maintain level of support provided to the community	> 100 hours	**Achieved**
Environmental stewardship and resiliency is expanded	ESG performance indicators are under development	ESG targets are under development	**Achieved** - Performance indicators have been established
Technological infrastructure is stable and secure	Number of cybersecurity breaches and events	0 external breaches 0 internal data privacy events	**Achieved**
	Percentage of uptime	> 99%	**Achieved**
FBCL is financially sustainable	Annual increases in ConneXion program usage	>5%	**Achieved**
	Ensure long term positive cashflow	Toll revenues > $38M annually Operating cashflow > $10M annually	**Achieved**
	Percentage of debt payments made in full and on time	100%	**Achieved**

A qualified workforce is attracted and retained	Maintain employee engagement across the corporation	Engagement > 80%	**Achieved**
	Minimize employee turnover rate	Turnover rate < 15%	**Actual turnover in excess of target** Consistent with market trends in labour force, expected to stabilize in the foreseeable future
	Complete self-identification survey on employment diversity	Diversity - Designated groups > 65% - Leadership positions occupied by women > 40% - Gender diversity variance < 10% - Indigenous >10% - Visible minorities > 8% - Bilingual employees > 20%	**On target** Self-identification program was implemented in the current year providing current status of targets. Status of known targets: - Designated groups: 66% - Leadership positions occupied by women: 55% - Gender diversity variance: 4% - Indigenous: 16% - Visible minorities: 10% Strategies to address reporting needs on the remaining target is being established.

Portfolio Management

The Corporation has adopted a portfolio management approach to deliver its mandate. It is not a portfolio of corporations but rather one parent Crown corporation overseeing a portfolio of federal assets that are used in pursuit of public policy objectives. Key aspects of the portfolio management approach include:

- Funds surplus to operating requirements are used for capital re-investment in support of public policy objectives;
- Revenues are centrally recognized, with each bridge established as a cost centre;
- Operational and maintenance expenditures of each bridge are based in common best practices;
- Integrated long-term capital plans are developed as basis for capital prioritisation and annual capital budgeting; and,
- Shared knowledge and expertise across the portfolio.

The establishment of this management approach provides a unique opportunity to look at all possibilities, both through adopting best practices and a comprehensive common approach within the portfolio and through identifying broader strategic opportunities.

At an Overarching Corporate Level

Throughout the past four years, since the onset of COVID, FBCL, its staff, and the staff of its subsidiary and partners, have provided continuous, uninterrupted access to the border, safely and efficiently. Not only did this allow Canadians to continue to receive and trade in vital and essential goods to live their lives every day, but also did so while continuing to provide the best value for the Government of Canada. These efforts, however, did not come cheaply to FBCL, and it is now time for FBCL to rebuild its much needed capital reserves in order to ensure the longevity of its bridges and associated infrastructures.

TRAFFIC VOLUMES

The corporation has evolved and adapted to the changing border restrictions stemming from the pandemic. With a gradual lifting of these, May 12, 2023, marked the lifting of the final border restriction. Traffic had been greatly affected by the restrictions and all bridge crossings responded by reducing and deferring expenditures where prudent and safe. The recovery has been slow but continual. FBCL continues to monitor and assess the impact of lower than normal volumes on its plans. Overall comparisons to the prior year point to truck volumes having decreased by 4% and passenger volumes having increased by 25%. At year-end, passenger volumes remain 18% below pre-pandemic volumes.

GOVERNMENT FUNDING SUPPORT

With lower traffic volumes and depleting cash flow reserves, the Government of Canada provided much needed operating funding and capital funding. For the 2023-24 fiscal year, operating funding of up to $1.4 million was made available to cover the operating shortfall for SIBC (in 2022-23 GLS was able to secure operating funding) and capital funding of nearly $6 million was provided (refer to Capital Infrastructure Initiatives below for details). In the upcoming year, $1 million in operating funding for SIBC and $16.9 million in capital to support significant bridge rehabilitation works at Blue Water Bridge and Thousand Islands International Bridge has been secured to meet urgent needs.

INDIGENOUS RECONCILIATION

10 REDUCED INEQUALITIES

The FBCL and its SIBC subsidiary are deeply committed to the path of reconciliation with Indigenous peoples, recognizing the importance of both the “little things” that make a difference every day and the “bigger picture” that frames relationships with the Indigenous communities.

To advance reconciliation, the corporation’s efforts extend beyond symbolic gestures to include strategic, long-term engagements at all levels, rooted in respect and mutual understanding.

Artist: Kirby Thompson (Indigenous Art Intern at SIBC)
Mural Name: We the People

The FBCL’s dedication to fostering respectful relationships is exemplified by its engagement with regional Indigenous leadership members of the Aamjiwnaang First Nation in Point Edward and the Mohawk Council of Akwesasne (MCA) in Akwesasne. These collaborations are grounded in historic agreements, encompassing complex issues like land claims and the rights of Indigenous peoples. Memorandums of Understanding with these communities reflect a shared respect for the land’s history and a commitment to consultation and partnership on projects and discoveries.

Significantly this past year, FBCL and SIBC have augmented its already substantial efforts at the Seaway International Bridge to further demonstrate support for its host Indigenous community. The inclusion of Mohawk language signage, the display of a local artist’s work at prominent locations along the crossing, and direct work with MCA environmental and technical services on local initiatives are tangible manifestations of respect for Indigenous culture and history. Community leaders are directly engaged to exchange information and discuss initiatives on a regular basis. Further at this location, in addition to support of Crown-mandated free passage for Indigenous Peoples, the observance of the National Day for Truth and Reconciliation is reinforced by also observing National Indigenous Day. Moreover, long-standing partnerships with the MCA ensure that Mohawk contractors and workers play an integral role in projects here, furthering economic well-being and social diversity.

The corporation's approach to reconciliation is holistic, considering the environmental, social, and economic factors that influence our shared future.

Looking ahead, the corporation is mindful of the evolving governance structure required to ensure the financial viability of the SIBC. The historical binational agreements did not anticipate a scenario where the crossing would not generate sufficient toll revenue to sustain itself. As FBCL navigates this crossroad, the corporation is committed to exploring new governance and funding mechanisms with its U.S. partner, GLS.

The FBCL's initiatives, from maintaining historic cemeteries in respect of Indigenous Peoples to enabling respectful ceremonies, and high employment rates of Indigenous Peoples, are indicative of a deep-seated respect and commitment to reconciliation. These actions, coupled with ongoing dialogue and partnership, form the cornerstone of the approach to building a future that honours our shared history and embraces the opportunities for mutual growth and understanding.

The FBCL is dedicated to continuing these vital conversations and collaborations, ensuring that operations and projects not only respect, but also actively contribute to the reconciliation process. By weaving these principles into the fabric of the corporation, a commitment is affirmed to a future where Indigenous rights, culture, and well-being are integral to the prosperity and diversity of Canada.

ESG - TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) COMPONENT

13 CLIMATE ACTION

FBCL recognizes its responsibility as an entity of the Government of Canada to reduce the environmental impacts of its own operations and ensure the resilience of its facilities and infrastructure to climate change. A key priority of FBCL's ESG strategy focuses on Climate Action. FBCL is actively increasing its understanding of climate risks and opportunities and are working on better integrating climate-related questions into governance and internal processes, as it relates to operations and the way the FBCL's customers are serviced.

A comprehensive TCFD is included later in this Annual Report.

CAPITAL INFRASTRUCTURE INITIATIVES

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The safety and livelihood of millions of Canadians is of utmost concern for the Corporation, and that is why FBCL ensures that it takes its stewardship responsibilities very seriously. Independent bridge inspections across the portfolio continue to reflect favourably on the talented and hard-working maintenance staffs across FBCL's four locations. Bridge inspection reports for all four locations are annually reviewed by the Board of Directors and are submitted to Transport Canada in accordance with the *International Bridges and Tunnels Act* (IBTA) reporting requirements. In addition to the significant effort put forth in maintaining its infrastructure on a daily basis, certain significant projects, by bridge location, performed this year include the following:

Blue Water Bridge

Planning for significant rehabilitation of both Blue Water Bridge spans occurred during fiscal 2022-23 with the first span completed in 2023-24. The second span is to be completed in fiscal 2024-25. The projects focus on a range of significant repairs and improvements to maintain the bridges' structural integrity. This includes strengthening cross beams and replacing bearings, replacing expansion joints, conducting concrete deck repairs and waterproofing the bridge deck followed by asphalt repaving. Almost $5 million of funding was provided by the Government of Canada to fund the project in 2023-34. In the following year, a further $7.9 million of funding will assist with the rehabilitation of the second span.

Thousand Islands International Bridge

As part of a multi-year project, suspender cable testing continues to inform a plan for proactive replacement that will prolong the viable operational life of the crossing, and maintenance facilities are being reviewed for future needs. Additionally, during the year substantial planning and preparation was completed to prepare for works in 2024-25 to perform rehabilitation works on the Canadian spans of the Thousand Islands crossing. During 2023-24, Government of Canada funding of $0.8 million was utilized towards the design and planning of this rehabilitation, as well as the rehabilitation and repaving of the International Rift Bridges in joint partnership with our U.S. partner, TIBA. In 2024-25, $7.6 million of Government of Canada funding will assist with the rehabilitation of the Canadian spans.

Seaway International Bridge

Critical maintenance works on the South Channel Bridge were conducted during the 2023-24 construction season in order to ensure the integrity of the bridge is maintained. Additionally a life cycle study of the South Channel Bridge was completed during the year, which provides a more comprehensive overview of the major rehabilitations required for this aging bridge.

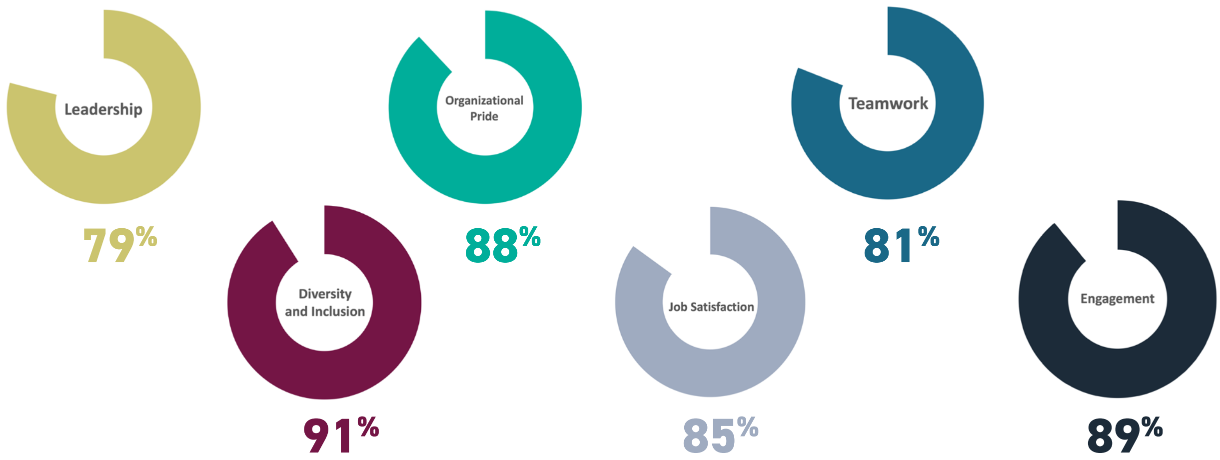
Sault Ste. Marie International Bridge

Extensive regular maintenance work to ensure the integrity of the bridges and associated infrastructures continue to be performed, as a part of continued prudent stewardship of this important Canadian asset. Such an example includes the partial removal and replacement of delaminated concrete at top of a bridge pier to preserve the overall support system.

EMPLOYEE ENGAGEMENT

The FBCL promotes a healthy and respectful workplace that is intrinsically tied to diversity and inclusion. Instilling such a culture requires acceptance and participation by all employees at all levels. The FBCL supports its employees in the achievement of related objectives through multiple methods. The “tone from the top” sets clear expectations that behaviour inconsistent with the FBCL’s culture is not tolerated. This direction is reinforced by corporate policies concerning behaviour as well as policies on conduct in the workplace, such as harassment prevention, Employee Equity, Diversity and Inclusion. New this year were consultations with employees on Pay Equity, Employee Recourse and Accessibility that lead to program/policy development, rollout and training. In addition, the corporation has provided employees opportunities and tools to promote internal dialogue on topics such as mental health and wellness. In line with this, the FBCL is also making significant headway in enhancing its health and safety program in alignment with its culture.

In alignment with legislation, the FBCL has published its first Accessibility Plan report, describing the actions taken in the last year and provides updated timelines and initiatives to which the FBCL endeavours to improve upon in areas such as physical property and electronic mediums. This work also saw 100% of People Leaders trained on accessibility, disability awareness, diversity and inclusion, and unconscious biases, ensuring a workplace that is welcoming and accessible to all. Working with partners to not only meet accessibility legislated requirements, but go beyond, ensures that the FBCL can be a model for others. This included such items as the use of live transcription during interviews to increase accessibility. These steps are part of the strategic lens that the FBCL looks through for decision-making in the future.



INNOVATION

In the world we live in today, if you are standing still, you may as well be moving backwards. To this end, the Corporation has looked to innovate both operationally and strategically. Coinciding with the end of the life of its toll collection system, was also that of the FBCL's Blue Water Bridge counterpart, and its partner in Sault Ste. Marie. In a first of its kind bi-national partnership for the sourcing and commissioning of a brand new system, the three operators commissioned and installed a new tolling system at all three locations, with interoperable frequent traveler discount programs. This new tolling system won the prestigious 2023 International Bridge, Tunnel and Turnpike Association's Tolling Excellence Award. The power and ability of the common team members demonstrated efficiency gains of a portfolio approach.

Longer term, the FBCL is focusing on skills, infrastructure, and knowledge can be leveraged over the course of many years to come, in order to improve the traveling experience and efficiency of trade processed across our international border. These include partnerships with entities such as the Ontario Vehicle Innovation Network (OVIN) and the Council of the Great Lakes Region as part of the Great Lakes Border Trade and Supply Chain Alliance to discuss multiple projects within the scope of each partnership agreement.

Corporate Services

FBCL has a suite of internal business-management functions critical for operational success. This diverse range encompasses information technology, finance, legal services, communications, information management, audit, corporate security, human resources, and notably, dedicated efforts in accessibility, occupational health and safety, and corporate risk management.

2023-24 has been a year of significant achievements, underscored by a continuous investment in technology and digital tools, to enhance operational efficiency, security of FBCL's infrastructure and data and enhanced compliance.

Our people needs remain at the forefront of our strategies as they enable our success at its core. We remain dedicated to preserving and enhancing our inclusive and accessible workplace. In doing so we celebrate the successful negotiation of a new 4+ year collective agreement with PSAC Local 501, ensuring a strong, stable and equitable work environment, the rollout of a renewed Conflict of Interest Policy, highlighting the need to maintain transparency and integrity within the corporation's operations.

Employee engagement and satisfaction surveys indicated high engagement levels, with results exceeding 88%, a testament to the FBCL's efforts to improve the overall employee experience. These initiatives, along with the successful results stemming from an Internal Audit of the Human Resource Information System, exemplify a commitment to fostering a positive, collaborative, and ethical corporate culture.

The FBCL's Occupational Health and Safety program has grown by leaps and bounds, with visible monthly tracking of results for the benefit of senior managers in the corporation to ensure health and safety continues to be top of mind. Security initiatives at the FBCL has always been paramount, and the formalization of policies, in line with broader Government of Canada security guidance, ensures the FBCL is applying consistency across the corporation.

The FBCL's partnership between the FBCL Social Committee & Community Connexion committee resulted in four initiatives benefiting community partners and engaging employees, showcasing a commitment to community involvement and employee engagement.

As the FBCL moves forward, the focus remains on championing a workplace that is diverse, inclusive, and accessible, setting a standard for excellence within the industry. The FBCL is dedicated to continuous improvement and innovation in all facets of operations, ensuring that the corporation remains a model of corporate responsibility and operational efficiency.

The Task Force on Climate-related Financial Disclosures

Introduction

It is widely recognized that continued emissions of greenhouse gases (GHG) will cause further warming of the Earth and that an increase above 2° Celsius (2°C), relative to the pre-industrial period, could lead to damaging economic and social consequences. One of the most significant, and perhaps most misunderstood, risks that corporations face today relates to climate change with the timing and severity of physical effects being difficult to estimate.

ABOUT TCFD

The Financial Stability Board established an industry-led task force: the Task Force on Climate-related Financial Disclosures (Task Force or TCFD), to help identify the information needed to appropriately assess and price climate-related risks and opportunities. The Task Force was mandated to develop voluntary, consistent climate related financial disclosures that would be useful in understanding material risks.

The Task Force established recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. Their widespread adoption ensures that the effects of climate change become routinely considered in business and investment decisions. Adoption of these recommendations also helps corporations better demonstrate responsibility and foresight in their consideration of climate issues.

The Task Force structured its recommendations around four thematic areas that represent core elements of how corporations operate: Governance, Strategy, Risk Management, and Metrics and Targets. Recommended disclosures in each area build out the framework with information that will help investors and others understand how reporting corporations assess climate-related risks and opportunities.

DISCLOSURE

This section of the Annual Report supports FBCL's commitment to provide meaningful and transparent sustainability information to all stakeholders on climate-related risks and opportunities affecting operations. It also meets the Canadian government's requirement for Crown corporations to demonstrate climate leadership by reporting on in accordance with the recommendations of the TCFD. FBCL has bi-national interests within Canada and the United States. The disclosure requirements of the Canadian government applies to Canadian Crown corporations and as such, the information below relates to FBCL operated infrastructure at the Blue Water Bridge, the Seaway International Bridge, and in Ottawa. Information regarding the international bridges of Sault Ste. Marie and the Thousand Islands that are operated by American partners may be incorporated in future years. This represents FBCL's first report on climate related disclosures. The information will expand over time as understanding of climate-related risks and opportunities deepens, and as work on integrating evolving needs is intertwined with critical governance and decision mechanisms.

FORWARD-LOOKING STATEMENTS

FBCL's 2023-24 TCFD Report contains forward-looking statements that reflect management's best estimate and current views with respect to future climate-related events, risks, opportunities, and strategies at the time of publication. Forward-looking statements are not facts, but rather estimates regarding future results that are based on current estimates, assumptions and other factors deemed reasonable at the time that they were applied. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the corporation to be materially different from any future results and performance expressed or implied by such forward-looking information. These estimates may prove to be incorrect due to unforeseen risks and general uncertainties of the business and operating environment. Readers are cautioned to not place undue reliance on forward-looking information contained in this report.

COMMITMENT TO CLIMATE CHANGE

The corporation has an important responsibility to reduce the environmental impacts of its own operations and ensure the resilience of facilities and infrastructure to climate change. The scope of FBCL's Environment component of its ESG framework encompasses:

- Optimizing resources and energy to minimize emissions;
- Being a caretaker of the land and adjoining waterways;
- Integrating environmental sustainability and limiting environmental impact; and
- Furthering accomplishment of climate change targets.

FBCL actively increases its understanding of climate risks and opportunities and continues to integrate climate-related questions into governance and internal processes, as it relates to operations and customer service delivery.

ESG FRAMEWORK (CLIMATE PORTION)

FBCL strengthens its corporate planning by establishing ESG[2] goals that are informed by its assigned mandate, business environment and stakeholder expectations. In line with UNSDG Goal 12 (Reduce waste and transition to zero-emission vehicles) and Goal 13 (Take action on climate change and its impacts), FBCL's goals are:

- implement recommendations from 2021 climate change impact assessment of FBCL facilities;
- ascertain its carbon inventory and establish strategies to achieve a carbon reduction by 2030, and aspire to net zero by 2050; and
- complete the stormwater master plan at the Blue Water Bridge.

In the current year, FBCL established its base year for carbon inventory. In the next two fiscal years, the corporation will complete its analysis, measure its progress against the base year and establish formal objectives to reach its carbon reduction goals.

This builds on past FBCL climate related actions including the BWB Corporate Center being Leadership in Energy and Environmental Design (LEED) Silver certified since June 2015, the deployment of electric vehicle charging stations at two locations, and the majority of the external lighting at all international bridge locations being updated to energy efficient light emitting diode (LED) bulbs.

The Corporation is developing its climate change action plan to further improve its green presence. Initiatives being implemented or contemplated for deployment include to:

- review and modernize procedures and proactive maintenance to reduce operational impacts on climate;
- finalize LED transition on remaining lights on the bridges and facilities infrastructure;
- install electric vehicle charging stations at all portfolio bridges;
- assess feasibility for the generation of green (solar, wind, etc.) energy at facilities;
- increase vehicle processing capabilities to result in shorter idling time;
- work with CBSA and U.S. CBP to improve traffic flow; and
- reuse existing materials, where feasible, in new construction.

[2] Refer to the ESG Commitment section of this Annual Report for additional information regarding FBCL's alignment with UNSDGs.

Governance

The leadership of the FBCL Board of Directors, CEO and Senior Management Team plays an active role in the development, implementation and review of the FBCL's approach to climate-related risks and opportunities.

OVERSIGHT [3]

The Board is accountable, along with the CEO as a Board member, for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- provides direction and oversees risk management strategies, including setting risk targets, appetite, tolerances and capacity;
- provides leadership in risk management and managing strategic risks within the Corporate Risk Profile;
- ensures identification of key risks and implements effective systems and resources for risk management;
- upholds information systems and management practices that meet corporate requirements and ensures data integrity; and
- communicates significant residual risks to specific stakeholders and through the Minister of Transport to central agencies and Parliament, as appropriate.

The Board of Directors[4] has direct oversight of FBCL's ESG program, its direction, strategy and risk management policies. It receives annual progress updates on the implementation of the ESG Framework including consideration of climate related issues. These functions are supported by the Governance, Policy and Human Resources Committee, and the Finance and Audit Committee which evaluates the financial disclosure and methodology.

The Board is also responsible for overseeing and approving the overall ERM Framework and ERM Policy. The Board, or its committees, is updated quarterly via the Enterprise Risk Management (ERM) of ESG Framework risks. Once a year, at a minimum, the Board completes a comprehensive review of the enterprise risk profile and re-assesses its top strategic risks to be monitored. ERM reporting is actively discussed by the Board on a quarterly basis ensuring Board members are informed of the evolution and status of top strategic risks, which include ESG-related risks.

Additionally, on a yearly basis, the Board receives a formal progress report outlining FBCL's measurement of its corporate goals and targets as outlined in the Performance Assessment section of this report. A strategic session is held in the fall in which current objectives are reviewed and updated, if required, for the upcoming fiscal year. These objectives are outlined in FBCL's Corporate Plan. On a quarterly basis, climate-related issues will be outlined in the Quarterly Financial Report.

MANAGEMENT RESPONSIBILITY[5]

The CEO and Senior Management Team[6] (SMT) have distinct roles and responsibilities in overseeing the ESG Framework. This team plans and directs the execution of FBCL's ESG Framework and provides oversight and guidance for all strategic initiatives, decisions and outcomes across the corporation. The CEO is accountable for the ultimate delivery of the ESG program. This not only include overseeing the corporation's full day-to-day operations, but also ensuring alignment of FBCL's environmental strategy with those of the Government of Canada. The functional responsibility for ESG is led by the Chief Operating Officer, the Chief Financial Officer assumes responsibility for the related financial disclosures, and the SMT as a whole is responsible for managing specific aspects of the plan as it relates to their areas of responsibility.   The SMT meets on a weekly basis to discuss operational issues including those relating

[3] TCFD Governance requirement point A - Describe the board's oversight of climate-related risks and opportunities.
[4] Refer to Corporate Governance section of this Annual Report for mandate and membership of the Board of Directors and its committees.
[5] TCFD Governance requirement point B - Describe management's role in assessing and managing climate-related risks and opportunities.
[6] Refer to Corporate Governance section of this Annual Report for composition of the senior management team.

to climate-related risks, if needed. Furthermore, on a monthly or quarterly basis, depending on the risk, the risk tolerance is measured and actions are adjusted based on the risk assessment. Ensuring the FBCL's Environmental policy is adhered to and metrics related to climate concerns are investigated in a timely fashion fall under the purview of this group.

Strategy[7]

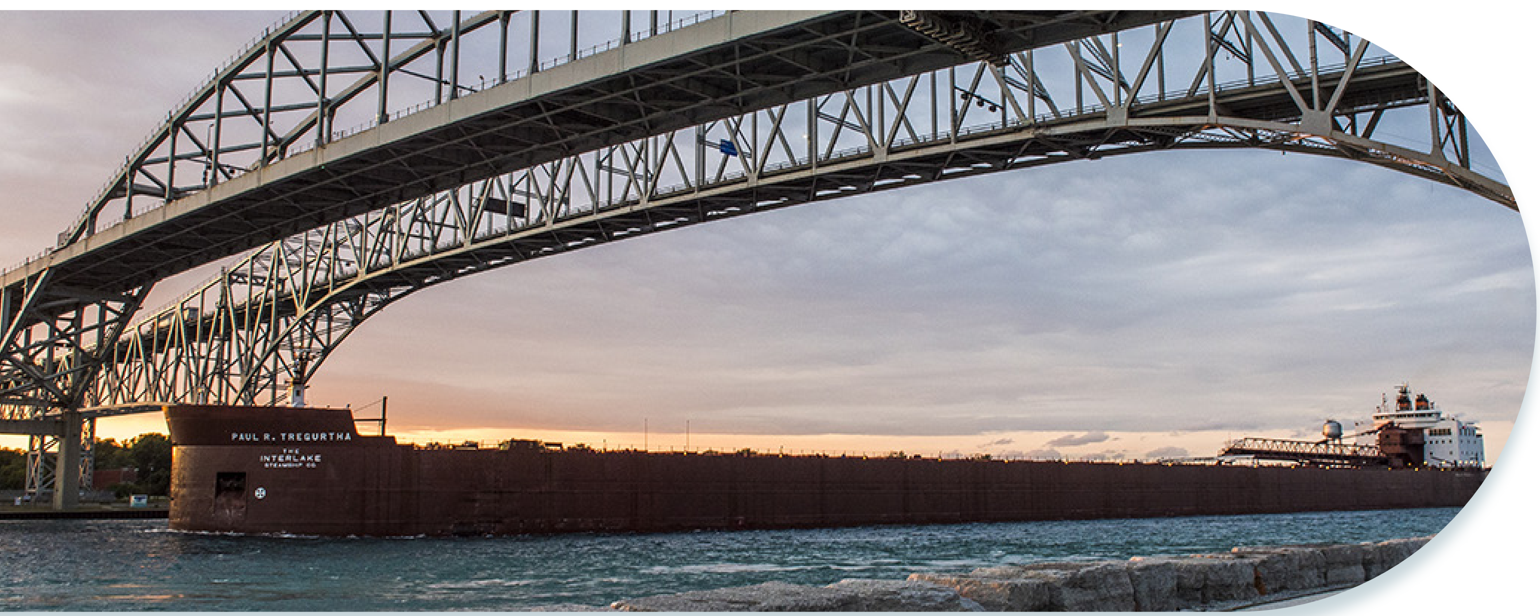
Since FBCL oversees significant international bridge structures, associated roadways, and facilities, and is physically located close to large bodies of water, the Corporation is inherently exposed to climate-related risks and opportunities. In identifying, assessing and subsequently managing climate-related risks and opportunities, consideration has been given to the full lifecycle of such infrastructure, including significant rehabilitations and/or new constructions.

FBCL recognizes the importance of identifying and assessing the impacts of climate-related risks and opportunities over the short, medium, and long term. The corporation considers climate-related and ESG risks and opportunities over the short-term (0-2 years), medium-term (3-10 years) and long-term (> 10 years) time horizons as well as defining the level of risk in accordance with the risk matrix.[8] The Corporation has implemented risk control strategies to mitigate the risk of damage to its assets and the resultant impacts to operations whenever possible.

In terms of risks, FBCL evaluates transitional and physical climate-related risks as part of the ERM process. A physical risk assessment was completed in 2021 to assess various hazards under high warming and low warming scenarios. Hazards assessed include: riverine, flooding, coastal inundation, extreme wind, soil subsidence, freeze-thaw events, surface water flooding, extreme heat, and forest fire. Transitional climate-related risks include the assessment of current and emerging regulatory, technology, legal, market and reputational risks.

As the Corporation evolves in its climate journey, more comprehensive data collection will be critical in improving the accuracy of future analyses and estimates. The impact to FBCL's business will depend heavily upon the presence (or not) of a significant climate event, the severity and duration of the event, and the specific region or facility involved.

The table below outlines the current understanding of key climate-related risks and opportunities along with their potential impacts to business operations including financial impact, and opportunity strategies.



[7] TCFD Strategy requirements points A, B, C - Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term; Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning; and Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario.

[8] Refer to the Risk Management section of this Annual Report for the risk matrix and how risks are defined.

Transitional Risks

Climate-related risk & impact: ▼: Critical ▲: High ▞: Major ■: Moderate ●: Low

Financial impact: Severe > $100M, High > $50M, Major >$10M, Moderate > $1M, Low < $1M

Climate-related risks & Impact	Description	Time horizon	Financial impact	Climate-related Opportunities to address risk
Policy/Legal – Increased pricing of GHG emissions ■: Moderate	Policy actions having the potential to increase fuel and energy costs which could result in increased operating costs. The Government of Canada has established UNSDG 12 (Reduce waste and transition to zero-emission vehicles) which includes an annual statement that 75% of new light-duty and on-road fleet vehicles purchased will be zero-emission vehicles or hybrids. By 2030, all light-duty and road-fleet vehicles in its fleet will be zero-emission. This results in additional costs of having to purchase new vehicles. Most Canadian federal Crown corporations, including FBCL, are not currently scoped into this as a requirement. The Government of Canada's Emissions Reduction Plan (March 2022) is seeking a 40-45% emissions reduction by 2030 and a net zero impact by 2050.	Ongoing (short-term to long-term)	Scope 1 and 2[9] costs: Low (annual) Replacement value of existing fleet: Moderate (one-time)	**Short-term:** Implement infrastructure design strategies to reduce overall carbon footprint for the foreseeable future. Establish baseline for GHG emissions and track GHG emissions on a yearly basis to understand material effects. **Medium-term:** Implement infrastructure design strategies to reduce overall carbon footprint for the foreseeable future aligning with the Government of Canada reduction strategy for 2030. Retrofit and reuse existing facilities where safe and viable during new development using sustainable materials. The goal is to move towards more efficient facilities which could include reduced water usage and consumption. Contemplation of FBCL's light-duty fleet to be 100% zero-emission by 2030. Establish strategies to aspire to achieve zero-emissions by the year 2050. **Long-term:** Execute on carbon reduction strategies towards 2050 aspirations.

[9] Measurement areas of GHG emissions, where:

- Scope 1: Direct GHG emissions that are emitted from sources that a facility controls or owns (e.g., natural gas combustion in a facility's boiler or furnace).
- Scope 2: Indirect GHG emissions that are emitted as a result of acquired electricity, steam, heat or cooling.

Climate-related risks & Impact	Description	Time horizon	Financial impact	Climate-related Opportunities to address risk
Policy/Legal – Enhanced emissions-reporting obligation ■: Moderate	Rapidly evolving regulatory expectations in relation to climate disclosures may result in increased compliance and administrative costs	Ongoing (short-term to long-term)	Additional compliance costs: Low(annual)	**Ongoing:** Provide additional training to staff to stay abreast of industry trends and requirements. Seek expertise externally, as needed, in order to help establish processes going forward. Ensure that FBCL's ESG framework is continuously updated to incorporate new regulations.
Plaza design and technology – Continued levels of GHG emissions ▲: High	Vehicle idling is the biggest component of GHG emissions. Additional resources by FBCL and border stakeholders relating to emerging technologies and plaza redesign could be incurred to reduce idling time.	Medium-term and thereafter	Plaza improvements: High (one-time) Replacement and upgrade of toll collection system and traffic management system: Moderate (decennial)	**Medium-term:** Work with CBP and CBSA to pinpoint bottlenecks in traffic flow and establish strategies to help alleviate these bottlenecks. This will be a combined effort between the border stakeholders. **Long-term:** Implement a tolling and traffic management system that would eliminate vehicles needing to come to a full stop at the tollbooth, in a controlled environment.
Market – Increased costs of materials : Major	Increased and/or uncertain prices of raw materials such as lumber, concrete, steel, etc. will result in increased capital expenditure costs, especially as they relate to more environmentally friendly options. Increased and/or uncertainty in energy pricing may result in increased operating costs.	Ongoing (short-term to long-term)	Replacement cost of planned capital works: High (as outlined in Corporate Plan) Scope 1 and 2 costs: Low (annual)	**Medium-term:** Retrofit and reuse existing infrastructure where safe and viable during new development using sustainable materials. Implementation of energy efficient and fuel substitution measures.
Reputation – Increased stakeholder concerns ●: Low	Despite general community concern regarding project impacts on human health and the environment, FBCL has a strong reputation with respect to closely managing and avoiding adverse impacts on the environment with its projects.	Ongoing (short-term to long-term)	Continued project costs: Low (annual)	**Ongoing:** Continue to perform impact assessment on all major construction projects. **Long-term:** Monitor environmental concerns such as GHG emissions, water levels, flood events, renewable energy and the landscape. Establish mitigation strategies in collaboration with host communities.

Physical Risks

Climate-related risk & impact: ▼: Critical ▲: High ▚: Major ■: Moderate ●: Low

Financial impact: Severe > $100M, High > $50M, Major >$10M, Moderate > $1M, Low < $1M

Climate-related risks & Impact	Description	Time horizon	Financial impact	Climate-related Opportunities to address risk
Acute – Increased severity of extreme weather events such as floods and high winds ■: Moderate	Increase in the frequency and severity of extreme weather events. This may result in direct or indirect damage to assets, compromising the integrity of key infrastructure leading to increased costs. Increase in frequency and severity of high wind events could result major rehabilitation works required as damage results from accumulated wear and tear.	Ongoing (short-term to long-term)	Additional maintenance costs: Low (annual) Replacement cost of infrastructure: Moderate (one-time dependent on weather event occurring)	**Short-term:** Continue the development of the asset management program. **Medium-term:** Improve and enhance storm water management features to reduce flooding risk. **Long-term:** Incorporate acute risks into the asset management program to ensure that infrastructure remains safe and secure.
Chronic – changes in precipitation patterns and extreme variability in weather patterns ▚: Major	Increased variable weather patterns, such as a rise in temperature and freeze-thaw conditions could accelerate the wear and tear of FBCL's infrastructure resulting in increased maintenance costs. Similarly, extreme weather such as extreme heat could prevent personnel from working.	Ongoing (short-term to long-term)	Additional maintenance costs: Low (annual) Replacement cost of infrastructure: High (over infrastructure life cycle)	**Short-term:** Finalize the development of the asset management program. Assess employee safety risk during extreme heat events and identify mitigation measures. Incorporate climate risks into health and safety policy development and implementation. **Medium-term:** Implement the recommendations from the climate change impact assessment. **Long-term:** Incorporate chronic risks into the asset management program to ensure that infrastructure remains safe and secure.

Risk Management[10]

The Corporation manages its risks based on the processes of ERM including setting risk targets, appetite, tolerances and capacity to assess sustainability and climate-related performance.

As part of its asset management objectives, the Corporation has completed a weather and climate change impact assessment study to identify and quantify the vulnerabilities and risk areas resulting from environmental factors and is creating a mitigation action plan.

FBCL continues to evolve and advance its risk management framework and processes to better identify, monitor and manage climate-related risks by:

- Updating the ERM Framework to include Climate Change;
- Including climate risk discussion in Quarterly Financial Reports starting in 2024-25;
- Collecting data related to climate risks to prioritize and advance data in support of TCFD and assessment of climate risks and opportunities; and
- Increasing internal and stakeholder climate risk literacy and awareness, including:
    - producing and making available information on TCFD and climate-related financial risks,
    - considering existing and emerging regulatory requirements related to climate change, and
    - holding more focused information sessions in key areas in the corporation.

FBCL recognizes that it is not solely responsible to itself for its obligations and actions. FBCL's operations have a wide area of influence in the industry, the country, the province, and within its individual communities, as evidenced through everyday performance. This report serves as one medium through which FBCL can communicate its obligations and commitments to stakeholders. It also demonstrates how climate-related risks and opportunities are identified, assessed and managed at FBCL. By integrating climate risk into the ERM program, FBCL can proactively adapt its business to align with UNSDG's Goal 13 (Take action on climate change and its impacts).

Metrics and Targets[11]

FBCL's science-based metrics and targets are centered on its goals:

- to reduce scopes 1 and 2 GHG emissions by 2030 as well as reducing scope 3 GHG emissions where feasible;
- to aspire to net-zero GHG emissions by 2050; and
- to ensure the safety and security of its infrastructure, people and its surrounding environment.

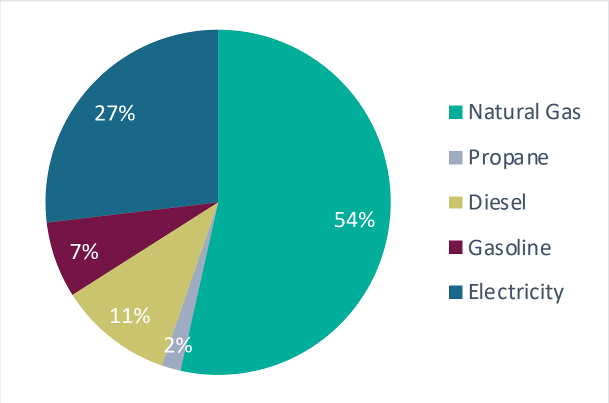
[10] TCFD Risk Management requirements points A, B, C - Describe the organization's processes for identifying and assessing climate-related risks; Describe the organization's processes for managing climate-related risks; and Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

[11] TCFD Metrics and Targets requirements points A, B, C - Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process; Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks; and Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In the current fiscal year, FBCL proceeded to carry out a GHG Baseline Study for scopes 1 and 2 to comply not only with the TCFD but also to establish necessary baseline information to inform its alignment with the Government of Canada's Greening Government Strategy. As part of this study, FBCL has established its baseline as fiscal year 2015-16 as this represents FBCL's first year of operations, under its current corporate structure following its amalgamation. The Corporation intends to provide comparative information, Scope 3 GHG, and other metrics and targets by fiscal 2025-26, which coincides with the completion of the ESG Framework goal development.

BASELINE SCOPE 1 AND 2 GHG EMISSIONS AT FBCL-OPERATED FACILITIES

The following represents FBCL's scope 1 and scope 2 emissions in 2015-16 at its Blue Water Bridge, Ottawa, and Cornwall locations, which serves as the baseline year for the corporation.



SOURCE GROUP	SOURCE	TONNES OF CO_2EQ[12]
Stationary Combustion	Natural Gas	450
	Propane	15
Mobile Combustion	Diesel	90
	Gasoline	60
Purchased Electricity	Electricity	226
TOTAL		**841**

From an energy performance, the Blue Water Bridge assets (which represent 90% of the scope 1 and 2 emissions for FBCL), compare favourably to the 2019 Natural Resources Canada (NRCan) Building Energy Use Surveys (NRCan 2019). Measured in gigajoules of energy divided by total floor area in square meters (GL/m^2), the average per the survey is 1.29 GJ/m^2, while Blue Water Bridge assets measure at 1.25 GJ/m^2.

As an initial review of FBCL's total GHG emissions, the table above details that FBCL operated facilities (at Point Edward and Cornwall), even when taken in aggregate, are far below any GHG reporting levels. These include both reporting requirements federally and provincially (Federal Greenhouse Gas Reporting Program (GHGRP) and Ontario Regulations 390/18). Both of these impose a reporting requirement of over 10,000 tonnes of CO_2eq.

As the ESG Framework goals development continue to evolve and GHG reduction strategies are expanded upon, future metrics anticipated include:

- Scope 1 and 2 yearly information (as discussed above) as compared to the baseline year;
- Scope 3 GHG emissions;
- Establishing formal targets aspiring to reach net-zero by 2050; and
- Amounts invested to lower climate-related risks as they relate to the transitional and physical risks as outlined above.

[12] In general, each source of GHG emissions were calculated using this formula:
GHG Source [tonnes CO_2eq]=Base Quantity [unit]*Emission Factor [(tonnes CO_2eq)/unit]
Where:
Base Quantity = the energy or fuel consumed annual (e.g., L of gasoline)
Emission Factor = the amount of CO2eq emitted from the consumption/combustion of the energy

Looking ahead

As Canada transitions to a net-zero economy, FBCL recognizes the importance of its day-to-day business decisions and is developing forward-looking plans. The results of this year's climate risk assessment help FBCL gauge risks in the transition to a low-carbon economy and provide guidelines to strengthen its business continuity plans amid the risks and uncertainty presented by climate change. FBCL is committed to creating a culture of leadership that will be reflected in the development of a strategic and collaborative commitment to sustainability and climate action.

Going forward, FBCL will continue to integrate climate-related considerations across the business as part of regular business continuity procedures and improvements. The corporation places value in the TCFD framework for climate change reporting. It holds corporations accountable, provides transparent reporting, and ensures Canadians have access to climate change impact and mitigation strategies.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) outlines FBCL's financial results and operational changes for the year ended March 31, 2024. This MD&A should be read in conjunction with FBCL's audited annual consolidated financial statements and accompanying notes for the year ended March 31, 2024. The consolidated financial statements and notes have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in thousands of Canadian dollars. All information is current as of June 20, 2024.

Forward-looking statements

Readers are cautioned that this report includes certain forward-looking information. These forward-looking information are generally stated to be anticipated, expected or projected by FBCL. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the corporation to be materially different from any future results and performance expressed or implied by such forward-looking information.

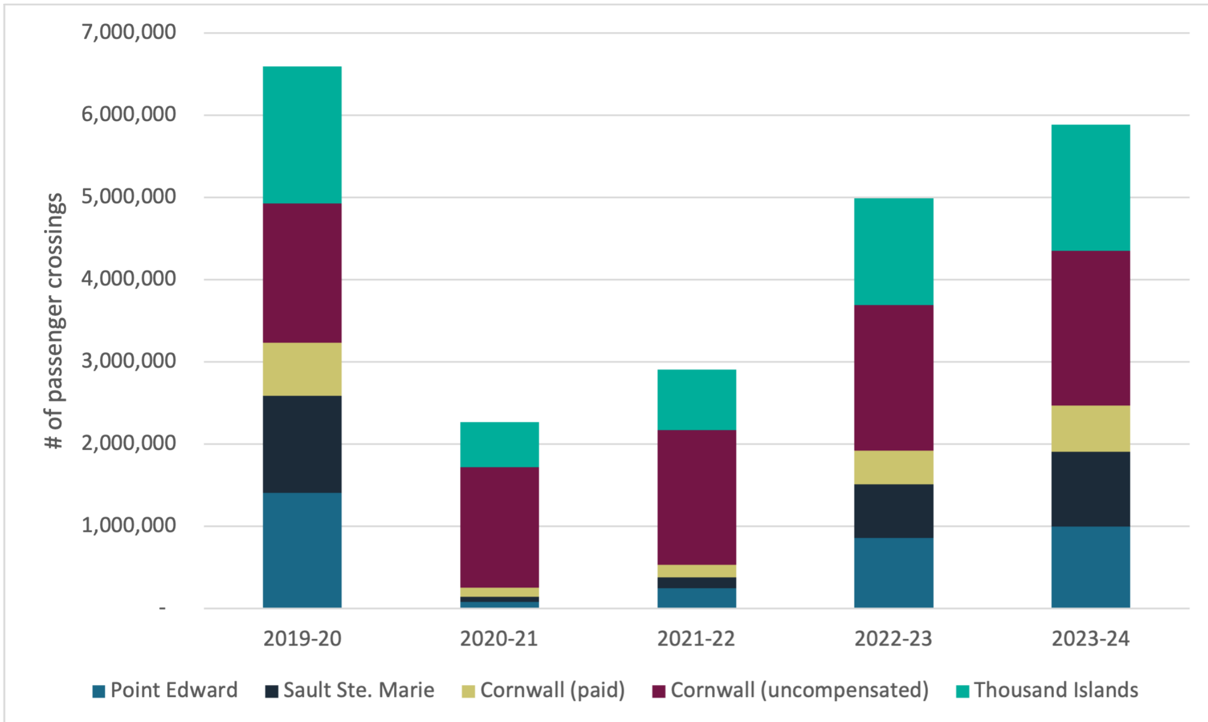
Materiality

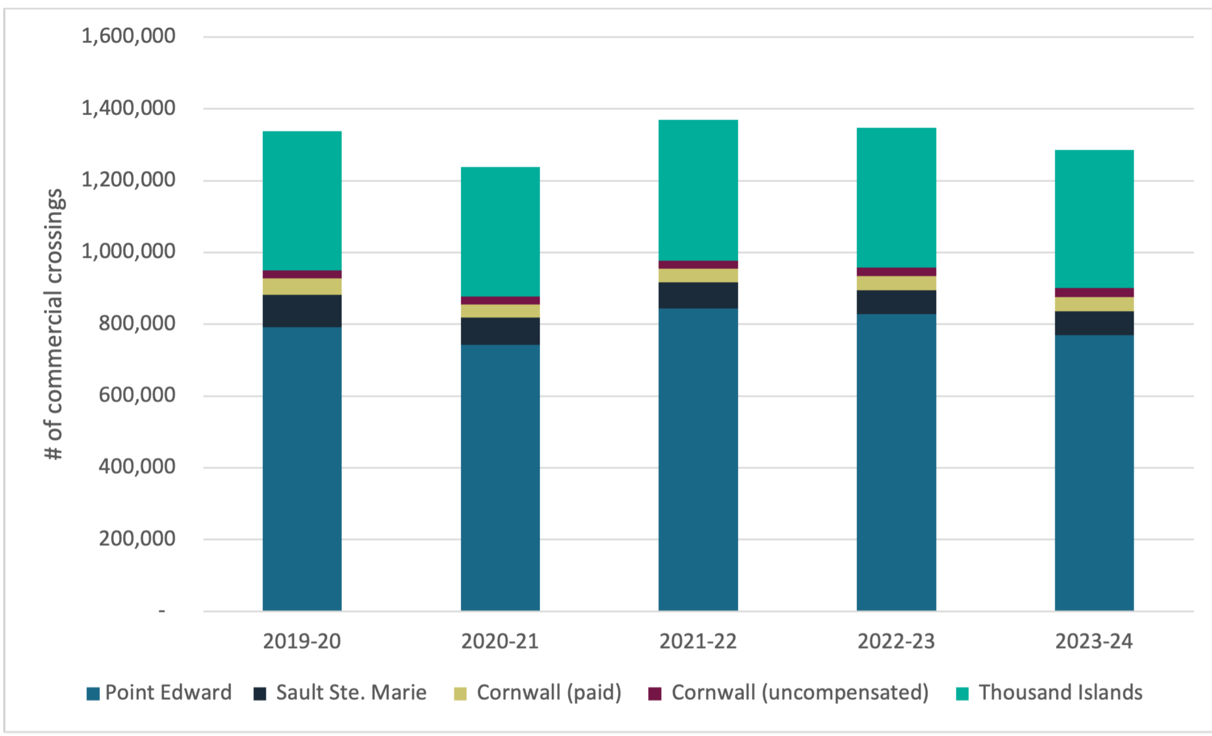
In assessing what information is to be provided in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence the economic decisions of FBCL's stakeholders.

Financial Highlights 2023-24 at a glance

REVENUE 2023-24: $46,259 2022-23: $40,514 TOTAL INCREASE $5,745 (14%)	The corporation has evolved and adapted to a new sense of normal at the border, with all pandemic related restrictions now gone. Passenger traffic volumes have increased almost 25% at FBCL over the prior year. This is, however, still 18% lower than pre-pandemic levels (2023: 34% below pre-pandemic volumes). Overall comparisons to the prior year show commercial volumes having decreased by 4%, yet they remain on par with pre-pandemic levels.
GOVERNMENT FUNDING 2023-24: $7,045 2022-23: $5,009	In response to COVID-19, the Corporation was eligible for up to $7,381 in funding from the Canadian Government (2023: $5,303) to provide for capital works and an operating deficit at SIBC. In the prior year, the SIBC deficit was funded as part of US$1,500 approved by the U.S. Government. Funding related to capital projects amounted to $5,954 (2023: $4,423) and operational funding recognized by FBCL was $1,091 (2023: $586).
EXPENSES 2023-24: $46,954 2022-23: $46,092 TOTAL INCREASE $862 (2%)	The Corporation exercises significant prudence in all of its expenditures. As full maintenance and operations expenses continue to operate at normal levels, this is still performed in the context of sub-normal passenger volumes across the portfolio. The operations of FBCL's portfolio of bridges require 24/7 coverage and full and proper maintenance and upkeep of the structures.

Trending traffic volumes at a glance





Analysis of Financial Results

CONSOLIDATED STATEMENT OF OPERATIONS

The following section provides information on key variances within the Consolidated Statement of Comprehensive Income (Loss) for 2023-24 compared to 2022-23:

Consolidated Statement of Comprehensive Income ($000's)	March 31 2024	March 31 2023	Variance favourable (unfavourable)	
	$	$	$	%
Tolls and services and Thousand Islands International Bridge revenue	**40,631**	35,472	5,159	14.5%
Leases and permits	**3,925**	3,570	355	9.9%
Other (interest, gain on investments, other)	**1,703**	1,472	231	15.7%
Total revenue	**46,259**	**40,514**	**5,745**	14.2%
Operations	**9,528**	9,234	(294)	-3.2%
Thousand Islands International Bridge expense	**6,890**	6,962	72	1.0%
Maintenance	**14,114**	14,163	49	0.3%
CBSA & CFIA operations	**8,123**	8,018	(105)	-1.3%
Administration	**7,754**	7,715	(39)	-0.5%
Additional funding of SIBC operations	**545**	-	(545)	-100.0%
Total expenses	**46,954**	**46,092**	**(862)**	-1.9%
Operating income before government funding and interest	**(695)**	**(5,578)**	**4,883**	87.5%
Government funding	**5,058**	4,205	853	20.3%
Interest expense	**(2,330)**	(2,781)	451	16.2%
Net income (loss)	**2,033**	**(4,154)**	**6,187**	148.9%
Other comprehensive income				
Actuarial gain	**1,195**	1,242	(47)	-3.8%
Investment revaluations	**(28)**	(21)	(7)	-33.3%
Total comprehensive income / (loss)	**3,200**	**(2,933)**	**6,133**	209.1%

REVENUES

Tolls and Thousand Islands International Bridge toll revenue: Toll revenues are affected by traffic volume, by the Canadian dollar exchange rate vs the US dollar, and changes in toll rates.

TRAFFIC VOLUMES

During the year, overall commercial volumes have decreased by 4% and passenger car volumes have increased by 25%. Commercial volumes, by bridge, varied between a decrease of 7% to an increase of 9% while passenger cars, per bridge, varied between an increase of 17% to 39%.

Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitute only 5% of traffic loads, these operations remain significantly impacted by long-term effects on cross-border travel, post-COVID-19. Additionally, the Seaway International Bridge is required to maintain normal operating levels in support of the more than 76% of Crown-mandated toll-exempt travelers that depend on the bridge (70% based on pre-pandemic volumes) on a daily basis. Paid passenger volumes at these locations are up by 39% and 36%, respectively, when compared to the prior year but remain at 23% and 13% lower, respectively, when compared to pre-pandemic levels (2023: 45% and 37%). Commercial volumes at these locations are up by 9% at Sault Ste. Marie and down by 2% at the Seaway International Bridge.

For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users, which have remained at strong levels, only 1% down from the prior fiscal year and 1% down from pre-pandemic levels (2023: 0%). Encouragingly, on the passenger traffic side of things, this location has had the strongest bounce-back of traffic post-COVID-19, being 18% higher than last year, and only 8% down from pre-pandemic levels (2023: 22%).

The Blue Water Bridge is Canada's second busiest commercial border crossing. Commercial traffic at this location during the year was considerably affected over the summer while necessary bridge rehabilitation work was performed on one of the bridge spans. Despite the construction, overall commercial traffic for the year was 7% behind the prior year, and at 3% lower than pre-pandemic levels. A similar decrease is possible in the next fiscal year, due to complimentary work being performed on the second Blue Water Bridge span. Passenger volumes are up by 17% when compared to the prior year, and down 29% compared to pre-pandemic levels (2023: 34%).

CANADIAN VS. US DOLLAR EXCHANGE RATE

Throughout the year, the exchange rate fluctuated as much as C$0.08 to US$1.00 (2023 – C$0.14 to US$1.00). The exchange rate fluctuated between a low of C$1.31 to US$1.00 to a high of C$1.39 to US$1.00 with an average rate for the year of C$1.35 to US$1.00 (2023 - the exchange rate fluctuated between a low of C$1.25 to US$1.00 and a high of C$1.39 to US$1.00 with an average rate for the year of C$1.32 to US$1.00). The Corporation reviews the currency parity of the toll rates at its bridge locations to ensure that the rates are fair in both currencies and may adjust the rates during the year in order to ensure fairness in toll rates.

CHANGES IN TOLL RATES

An update of toll rates occurred at Blue Water Bridge (for USA-bound traffic) on April 1, 2023, Thousand Islands International Bridge on March 1, 2023, the Seaway International Bridge on April 1, 2019, and the Sault Ste. Marie International Bridge on October 1, 2023.

Leases and permits: The long-term effects of the pandemic are still being felt by the corporation on it lease revenue from tenants, as the majority of these revenues are contingent on sales volumes. For this fiscal year, these revenues were down 16% compared to pre-pandemic levels (2023: 24%).

Other income and investment revaluations: Interest and gains from sale of investments are $679 higher this year when compared to the prior year primarily due to higher interest rates realized. Other income is $449k lower than the prior year.

Actuarial gain: This year's actuarial gain relates primarily to change in per-capita claims costs by age as well as other miscellaneous and demographic experience due to a full valuation being conducted in the current year. The actuarial gain in the prior year related to a change in the discount rate since the Bank of Canada had increased rates during fiscal 2023 resulting in an actuarial gain. There was no change in the discount rate as at March 31, 2024 when compared to March 31, 2023.

EXPENSES

The Consolidated Statement of Comprehensive Income presents operating expenses by function as this represents how management monitors its expenses internally against budgets.

Operations: Operations expense relates to the collection of toll revenue, security and traffic management. Expenses increased 3.3% over the prior year, of which salaries and benefits account for almost over half of the increase.

Thousand Islands International Bridge expense: This represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands. Expenses have decreased 1% as compared to the prior year.

Maintenance: Maintenance expenses relate to the maintenance, upkeep and repairs of the Corporation's assets. With variances by location, these costs across the portfolio have remained in check, staying even with spending in the prior year.

CBSA & CFIA: The Corporation is required per legislation to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue. Expenses have increased 1.4% over the prior year.

Administration: Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation. Expenses have remained stable with an increase of 0.6% over the prior year.

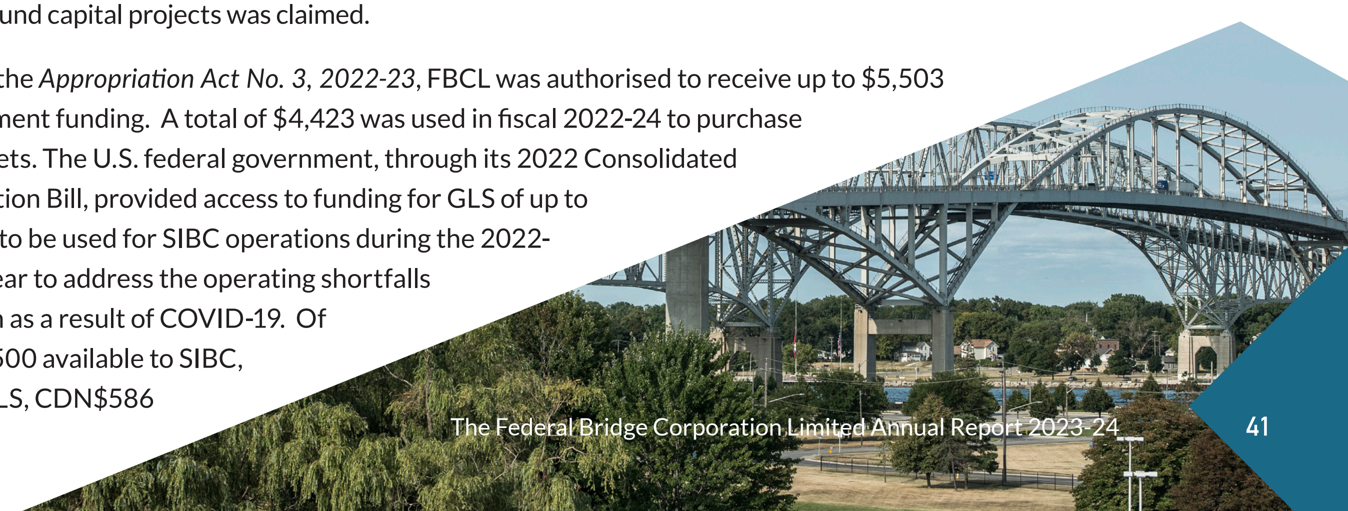
Additional funding of SIBC operations: The consistent decreased traffic volume at this location, furthered by COVID-19, has resulted in non-sustainable operations at this crossing. Government funding from the Government of Canada had been obtained to sustain SIBC's operations again for fiscal 2023-24. Historically, the Corporation recognises 50% of revenues and expenses of SIBC in accordance with the international agreement. This year, as the Government of Canada providing appropriations to eliminate the deficit at this crossing, the corporation also recognizes the remaining 50% of the deficit, and is therefore included as an expense. In 2022-23, the U.S. Government funded the entirety of the deficit. Consequently, there is no recognition of the additional funding of SIBC operations in the prior year for comparison.

Interest: As the Corporation makes regular payments on its bonds payable, the interest expense decreases.

GOVERNMENT FUNDING

As part of the *Appropriation Act Supplementary No. 2, 2023-24*, FBCL was authorised to receive up to $7,381 in Government funding to support the continued safe operation and certain capital projects across the portfolio of bridges. This Government funding is required given the reduction of the Corporation's revenues as a result of the momentous reduction in traffic (and associated toll revenue) following the prolonged cross-border travel restrictions related to COVID-19. Of the $7,381, $1,091 was available to fund the Seaway International Bridge Corporation deficit and $5,954 was available for capital projects and acquisitions. To fund SIBC operations $1,091 was claimed, and the full amount of $5,954 to fund capital projects was claimed.

As part of the *Appropriation Act No. 3, 2022-23*, FBCL was authorised to receive up to $5,503 in Government funding. A total of $4,423 was used in fiscal 2022-24 to purchase capital assets. The U.S. federal government, through its 2022 Consolidated Appropriation Bill, provided access to funding for GLS of up to US$1,500 to be used for SIBC operations during the 2022-23 fiscal year to address the operating shortfalls brought on as a result of COVID-19. Of the US$1,500 available to SIBC, through GLS, CDN$586



was used to fund FBCL's 50% share of those operations and was recognised in the Consolidated Statement of Comprehensive Income.

The following is a summary of actual revenues and expenses as compared to the Corporate Plan (2023-24 to 2027-28):

Consolidated Statement of Income ($000's)	Budget 2024	March 31, 2024	Variance favourable (unfavourable)	
	$	**$**	$	%
REVENUES AND GOVERNMENT FUNDING				
Tolls and Thousand Islands International Bridge tolls	38,423	**40,631**	2,208	5.7%
Other revenue	4,054	**5,628**	1,574	38.8%
Government funding	5,393	**5,058**	(335)	-6.2%
Total Revenues and Government Funding	47,870	**51,317**	3,447	7.2%
OPERATING AND INTEREST EXPENSES				
Operations	6,922	**5,888**	1,034	14.9%
Thousand Islands International Bridge expense	6,021	**5,353**	668	11.1%
Maintenance	7,626	**6,445**	1,181	15.5%
CBSA & CFIA operations	4,599	**3,987**	612	13.3%
Administration	7,807	**6,942**	865	11.1%
Additional funding of SIBC operations	713	**545**	168	23.6%
Depreciation	18,543	**17,794**	749	4.0%
Interest	2,450	**2,330**	120	4.9%
Total Operating and Interest expenses	54,681	**49,284**	5,397	9.9%
Net income (loss)	(6,811)	**2,033**	8,844	129.8%

With the removal of the final border restrictions in May 2023, traffic volumes were stronger than expected, thus increasing revenue values ensued. The Corporation continues a strong reputation on monitoring its expenditure very closely in order to ensure that capital remains available should unforeseen events occur.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following is a summary of the Consolidated Statement of Financial Position comparing the current year to the prior year and to the Corporate Plan (2023-24 to 2027-28):

Consolidated Statement of Financial Position ($000's)	Budget	March 31 2024	March 31 2023	Variance (actual vs prior year)	
		$	$	$	%
Assets					
Financial assets	10,647	**24,026**	16,138	7,888	48.9%
Capital assets	345,051	**340,791**	352,074	(11,283)	-3.2%
Other assets	1,364	**1,738**	1,740	(2)	-0.1%
Total assets	357,062	**366,555**	**369,952**	**(3,397)**	-0.9%
Current assets	*9,867*	**25,605**	*17,708*	7,897	44.6%
Non-current assets	*347,195*	**340,950**	*352,244*	*(11,294)*	-3.2%
Liabilities					
Deferred government funding	100,255	**100,214**	98,227	1,987	-2.0%
Deferred revenue	3,303	**2,665**	3,119	(454)	14.6%
Long-term employee benefits	8,811	**6,621**	7,426	(805)	10.8%
Long-term debt	37,212	**37,147**	44,523	(7,376)	16.6%
Other liabilities	4,259	**3,045**	2,994	51	-1.7%
Total liabilities	153,840	**149,692**	**156,289**	**(6,597)**	4.2%
Current liabilities	*19,122*	**16,854**	*16,379*	*475*	-2.9%
Non-current liabilities	*134,718*	**132,838**	*139,910*	*(7,072)*	5.1%
Total equity	203,222	**216,863**	213,663	3,200	1.5%

CASH FLOW AND LIQUIDITY

Since the removal of border restrictions, due to COVID-19, the corporation has focused on its duty of slowly beginning to rebuild its capital reserves. The ability of the corporation to maintain its capital program has been achievable with both the government funding support received since the 2020-21 fiscal year and a $10,000 loan exercised in February 2022.

Overall revenues have just now met pre-pandemic levels, despite traffic volumes having not fully recovered. However, in this same time period, a representative "basket of goods and services" now costs over 18% more. As such, the corporation has had to find ways of doing more with less, and therefore maintains strict review over its budgetary spending. With continued budgetary cost prudence, and monitoring of its cash reserves, the corporation is able to continue its operations. In addition, government funding has been obtained for 2024-25 to purchase capital assets as well as help with the operations of SIBC.

All current increases in cash reserve balances go towards ensuring an appropriate balance to maintain FBCL's critical bridge crossings.

FINANCIAL RISK

The Corporation's credit and debt ratings are assessed regularly by S&P Global Ratings. In August 2023, S&P Global Ratings affirmed its long-term issuer credit and senior unsecured debt ratings on the Corporation as 'A+' with a stable outlook based on its assessment of the Corporation. FBCL is proud of its continued strong 3rd party analysis of the FBCL's financial state and outlook, which is anchored in a number of continued themes. These include the control over the debt load, its strong links with the federal government, and the strong management and governance that is in place at the FBCL.

The overall level of FBCL's debt is forecasted to decline as balances are repaid at regular intervals. FBCL's strategy is to take on as little debt as necessary and to continue to make all loan and bond payments as they come due. It remains focused on maintaining a strong debt service coverage ration in parallel. With the impact of COVID-19, FBCL continues to closely monitor its cash and investments to determine the most prudent path forward.

CAPITAL INVESTMENTS

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets. In addition to continual prudent measures taken concerning safety and security, there were significant works performed at some locations this year, and also planned for next year. They include:

BLUE WATER BRIDGE	SEAWAY INTERNATIONAL BRIDGE	SAULT STE. MARIE BRIDGE	THOUSAND ISLANDS BRIDGE
Significant project, requiring the closure of one Blue Water Bridge span, to complete extensive rehabilitation work on the surface of the structure. In fiscal 2024-25, the second Blue Water Bridge span will be closed for similar rehabilitation work.	Minor capital projects were completed on the South Channel Bridge. Comprehensive planning is underway to identify needs, requirements, and funding to maintain the safety and security of the South Channel Bridge.	There were no major projects undertaken during the current fiscal year and none are anticipated in the upcoming fiscal year.	Paving and rehabilitation of the International Rift Bridges was completed . Substantial bridge repairs are scheduled for fiscal 2024-25, to include weatherproofing parts of the structure and other important rehabilitation.

REPORT ON ANNUAL EXPENDITURES FOR TRAVEL, HOSPITALITY, AND CONFERENCES FOR 2023-24

Effective July 2015, Crown corporations have been instructed per section 89 of the *FAA* to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations. The Corporation has complied and continues to comply with this directive. As per the Treasury Board requirements, this report provides information on the total annual expenditures for each of travel, hospitality, and conferences for the Corporation for the fiscal year ending March 31, 2024.

Expenditures on travel, hospitality, and conference fees incurred by FBCL are directly related to supporting its mandate, in particular, the portfolio of international bridges at four locations in Sault Ste. Marie, Point Edward, Lansdowne and Cornwall.

Annual expenditures for Travel, Hospitality, and Conferences of the Corporation:

Year ending March 31 ($000's)	2024	2023
	$	$
Travel	**129**	120
Hospitality	**7**	5
Conferences	**8**	-
Events	**-**	-
Total	**144**	**125**

FBCL continues to be prudent in its travel by implementing a combination of in person and virtual meetings both at the Governance level as well as the operational level thus resulting in a reduction of $100 when compared to pre-pandemic 2019-20 travel expenses. In line with the spirit of the 2023 Budget whereas the Government is committed to reduce spending on travel, FBCL will continue to implement a combination of in person and virtual meetings in order to maintain lower travel expenses.

COMPLIANCE WITH DIRECTIVE ON PENSION PLANS

FBCL is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, FBCL is to ensure that the pension plans will provide:

i. a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017; and

ii. for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan.

FBCL has complied and continues to comply with this directive.

OUTLOOK

The Corporation continues a strong reputation of prudent and efficient bridge management. While the corporation continues to see relatively minor improvements in overall passenger traffic recovery towards the goal of pre-pandemic levels, it is also cognizant of the fact that the world has changed. Adapting to this new reality is a challenge that FBCL intends to take on fully, while never compromising on its Values. The key words included in FBCL's Vision statement include safety, security, and sustainability. FBCL has bridges in its portfolio in excess of 85 years old. Maintaining these structures and doing so in an environmentally friendly, fiscally prudent, and social responsible manner are keys objectives that will continue to guide FBCL into the future.

Operating Outlook

OPERATING BUDGET								
for the year ending March 31				Budget				
(in thousands of dollars) *(presented on a cash basis)*	Actual 2022-23	Forecast 2023-24	Budget 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
FUNDING								
Tolls	29,147	32,099	31,563	31,153	33,790	36,366	38,640	39,309
Leases and permits	3,570	3,906	3,662	3,902	4,034	4,064	4,083	4,102
Thousand Islands International Bridge revenues	6,325	7,781	6,860	8,226	8,226	8,226	8,226	8,226
Interest	399	739	109	407	290	158	258	308
Other	1,073	482	283	640	421	398	374	376
Federal government appropriations	586	1,427	1,427	1,019	-	-	-	-
TOTAL FUNDING	**41,100**	**46,434**	**43,904**	**45,347**	**46,761**	**49,212**	**51,581**	**52,321**
EXPENSES								
Operations	5,549	5,796	6,922	7,691	7,818	8,101	8,420	8,723
Thousand Islands International Bridge expenses	5,303	5,987	6,021	6,756	7,167	7,103	7,295	7,434
Maintenance	5,956	6,197	7,626	7,362	7,438	7,980	8,408	8,823
CBSA & CFIA operations	3,828	4,006	4,599	4,318	4,485	4,653	4,826	4,979
Administration	6,884	7,242	7,807	7,972	8,405	8,613	8,774	8,982
Additional funding of SIBC operations	-	590	713	510	559	590	696	642
TOTAL EXPENSES	**27,520**	**29,818**	**33,688**	**34,609**	**35,872**	**37,040**	**38,419**	**39,583**
EXCESS OF FUNDING OVER EXPENDITURES	**13,580**	**16,616**	**10,216**	**10,738**	**10,889**	**12,172**	**13,162**	**12,738**

Capital Budget Outlook

CAPITAL BUDGET								
for the year ending March 31				Budget				
(in thousands of dollars) (presented on a cash basis)	Actual 2021-22	Forecast 2022-23	Budget 2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
FBCL AVAILABLE FUNDING								
Internal funds available	1,130	2,253	3,520	2,779	7,773	8,670	5,703	18,589
TOTAL FBCL FUNDING	1,130	2,253	3,520	2,779	7,773	8,670	5,703	18,589
EXPENDITURES								
FBCL funded:								
Blue Water bridge paving, repairs, painting	44	500	500	-	-	60	1,200	300
Blue Water Equipment and Electronic Systems	633	921	821	1,100	570	1,030	2,045	655
Blue Water Plaza design improvements and rehabilitation	-	100	297	325	630	1,346	815	500
Cornwall bridge repairs	-	-	-	-	726	592	19	300
Sault Ste Marie maintenance projects	349	-	-	-	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	-	108	-	20	3,075	2,050	-	15,000
Lansdowne Canadian Bridge repairs	7	-	-	-	-	-	-	-
Property acquisitions	70	10	750	500	100	125	150	175
Other capital projects	27	614	1,152	834	2,672	3,467	1,474	1,659
TOTAL FBCL EXPENDITURES	**1,130**	**2,253**	**3,520**	**2,779**	**7,773**	**8,670**	**5,703**	**18,589**
Funded with appropriations:								
Blue Water bridge paving, repairs, painting	-	4,793	4,793	7,922	-	-	-	-
Blue Water Equipment and Electronic Systems	887	-	-	-	-	-	-	-
Blue Water Plaza design improvements and rehabilitation	-	-	-	1,067	-	-	-	-
Cornwall bridge repairs	274	53	331	37	-	-	-	-
Sault Ste. Marie maintenance projects	3,091	-	-	-	-	-	-	-
Sault Ste. Marie Electronic Systems	-	-	-	-	-	-	-	-
Lansdowne Canadian Bridge repairs	-	756	756	7,618	-	-	-	-
Other capital projects	171	352	74	260	-	-	-	-
TOTAL EXPENDITURES	**4,423**	**5,954**	**5,954**	**16,904**	-	-	-	-
TOTAL CAPITAL EXPENDITURES	**5,553**	**8,207**	**9,474**	**19,683**	**7,773**	**8,670**	**5,703**	**18,589**
(SHORTFALL) OF FUNDING OVER EXPENDITURES	**(4,423)**	**(5,954)**	**(5,954)**	**(16,904)**	-	-	-	-
Appropriations:								
Approved capital appropriations funded	4,423	5,954	5,954	16,904	-	-	-	-
Total Appropropriations	**4,423**	**5,954**	**5,954**	**16,904**	-	-	-	-
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES	-	-	-	-	-	-	-	-
FBCL Proposal to Transport Canada								
FUNDING & CAPITAL EXPENDITURES								
Cornwall new FBCL facilities for bridge operations [1] [2]	-	-	-	-	-	24,300	-	-
Blue Water Bridge redevelopment [3]	-	-	-	6,400	11,780	64,630	77,430	31,730
Sault Ste Marie commercial traffic flow enhancement [3]	-	-	-	2,130	1,400	1,170	530	-
Thousand Islands redevelopment [3]	-	-	-	6,240	520	12,130	4,390	-
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	**14,770**	**13,700**	**102,230**	**82,350**	**31,730**

[1] GBCF funding proposal to Transport Canada for consideration as part of Seaway land claim. Realization dependant on project specific authorities granted.
[2] *Customs Act*, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.
[3] Funding proposal to Transport Canada for consideration under the National Trade Corridors Fund (NTCF). Realization dependant on project specific authorities granted

FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

Consolidated Financial Statements

As at March 31, 2024

The Federal Bridge Corporation Limited
March 31, 2024

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Management's Responsibility for Financial Statements

The consolidated financial statements contained in this Annual Report have been prepared by The Federal Bridge Corporation Limited (the Corporation) management in accordance with International Financial Reporting Standards (IFRS). The integrity and objectivity of the data in these consolidated financial statements is the responsibility of the Corporation's management and the management of its wholly-owned subsidiary, The Seaway International Bridge Corporation, Ltd. (SIBC), which reports directly to an independent Board of Directors.

It is necessary for management to make assumptions and estimates based on information available at the date of the consolidated financial statements. Areas where the Corporation's management and management of its wholly-owned subsidiary have made significant estimates and judgements include components and associated useful lives of property and equipment, intangible assets, and investment properties, impairment testing, inputs for the calculation of employee benefits plans, classification of leases in which the Corporation is the lessor, classification of joint arrangements, and presentation of The Thousand Islands Bridge Authority (TIBA) operations. The Corporation's management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the consolidated financial statements.

In support of its responsibility, the Corporation's management prepares the consolidation of the financial statements. The Corporation's management and the management of its wholly-owned subsidiary have developed and maintain books of account, records, financial and management controls, information systems and management practices for their respective financial statements. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Economic Action Plan 2013 Act, No. 2*, the *Canada Marine Act* and regulations, the *Canada Business Corporations Act* and regulations, and the articles and by-laws of the Corporation and its wholly-owned subsidiary, as well as the directives issued pursuant to section 89 of the *Financial Administration Act*.

The Corporation's Board of Directors is composed of six directors who are not employees of the Corporation and one director who is the CEO of the Corporation. The Board of Directors of the Corporation's wholly-owned subsidiary is composed of eight directors who are currently employees of either the Corporation or The Great Lakes St. Lawrence Seaway Development Corporation (GLS) (the Corporation's partner at its wholly-owned subsidiary). The Corporation's Board of Directors and the Board of Directors of its wholly-owned subsidiary are responsible for ensuring that each corporation's management fulfils their responsibilities for financial reporting and internal control. The Board of Directors of the wholly-owned subsidiary reports directly to the Corporation's Board of Directors. The Corporation's Board of Directors and the Board of Directors of its wholly-owned subsidiary exercise their responsibilities through their own Audit Committees comprised of Board of Directors members. Each Audit Committee meets with management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls, and other relevant financial matters. The Audit Committee of the Corporation's wholly-owned subsidiary has reviewed its respective financial statements with its external auditors, the Auditor General of Canada. The wholly-owned subsidiary's Board of Directors has approved and submitted its financial statements together with the external auditor's report to the Corporation's (parent) Board of Directors. The Corporation's Audit Committee has discussed the consolidated financial statements with the external auditor, the Auditor General of Canada, and has submitted its report to the Corporation's Board of Directors. The Auditor General of Canada is responsible for auditing the consolidated financial statements and for issuing her report thereon. The Corporation's Board of Directors has reviewed and approved the consolidated financial statements.

Natalie Kinloch

Natalie Kinloch
Chief Executive Officer

Richard Iglinski
Chief Financial Officer

June 20, 2024

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Federal Bridge Corporation Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of The Federal Bridge Corporation Limited and its wholly-owned subsidiary coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations, the *Economic Action Plan 2013 Act, No. 2*, the *Canada Marine Act* and regulations, the articles and by-laws of The Federal Bridge Corporation Limited and its wholly-owned subsidiary, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of The Federal Bridge Corporation Limited and its wholly-owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for The Federal Bridge Corporation Limited and its wholly-owned subsidiary's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable The Federal Bridge Corporation Limited and its wholly-owned subsidiary to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Catherine Lapalme

Catherine Lapalme, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
20 June 2024

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

As at	Notes	March 31 2024	March 31 2023
		$	$
Assets			
Current Assets			
Cash and cash equivalents	8	**11,397**	7,508
Investments	9	**9,757**	6,515
Trade and other receivables		**2,872**	2,115
Prepaids		**1,579**	1,570
Total Current Assets		**25,605**	17,708
Non-Current Assets			
Property and equipment	10	**324,181**	334,764
Investment properties	11	**16,595**	17,273
Intangible assets		**15**	37
Lessor inducement		**159**	170
Total Non-Current Assets		**340,950**	352,244
Total Assets		**366,555**	**369,952**
Liabilities			
Current Liabilities			
Trade and other payables		**1,726**	1,703
Employee benefits		**1,319**	1,128
Holdbacks		**-**	163
Deferred revenue	12	**1,905**	2,207
Loans payable	13	**400**	400
Bonds payable	14	**7,191**	6,737
Lease liability		**203**	218
Deferred government funding	15	**4,110**	3,823
Total Current Liabilities		**16,854**	16,379
Non-Current Liabilities			
Deferred revenue	12	**760**	912
Loans payable	13	**8,767**	9,167
Bonds payable	14	**20,166**	27,357
Lease liability		**420**	644
Deferred government funding	15	**96,104**	94,404
Employee benefits	16	**6,621**	7,426
Total Non-Current Liabilities		**132,838**	139,910
Equity			
Share capital - 2 shares @ no par value	17	**-**	-
Retained earnings		**216,900**	213,672
Accumulated other comprehensive loss		**(37)**	(9)
Total Equity		**216,863**	213,663
Total Equity and Liabilities		**366,555**	**369,952**
Contingent liabilities	21		
Commitments	22		

Approved by the Board of Directors

P. Daigneault

Director

Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	2024	2023
		$	$
Revenue			
Tolls and services		**32,726**	29,147
Leases and permits		**3,925**	3,570
Thousand Islands International Bridge revenue		**7,905**	6,325
Interest		**905**	399
Gain on sale of investments		**179**	6
Other		**619**	1,067
Total Revenue		**46,259**	**40,514**
Expenses			
Operations		**9,528**	9,234
Thousand Islands International Bridge expenses		**6,890**	6,962
Maintenance		**14,114**	14,163
Canada Border Security Agency & Canadian Food Inspection Agency operations		**8,123**	8,018
Administration		**7,754**	7,715
Additional funding of SIBC operations	**6**	**545**	-
Total Expenses	**18**	**46,954**	**46,092**
Operating Loss Before Government Funding		**(695)**	(5,578)
Government Funding			
Amortisation of deferred capital funding	**15**	**3,967**	3,619
Funding with respect to operating expenses	**15**	**1,091**	586
Total Government Funding		**5,058**	4,205
Non-Operating Items			
Interest expense		**(2,330)**	(2,781)
Total Non-Operating Loss		**(2,330)**	(2,781)
Net income (loss)		**2,033**	(4,154)
Other Comprehensive Income (Loss)			
Items that will not be reclassified subsequently to net income			
Actuarial gain	**16**	**1,195**	1,242
Items to be reclassified to net income when specific conditions are met			
Revaluation gain (loss) on fair value through other comprehensive income investments		**151**	(15)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		**(179)**	(6)
Total Other Comprehensive Income for the Year		**1,167**	1,221
Total Comprehensive Income (Loss) for the Year		**3,200**	(2,933)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
		$	$	$
Balance as at April 1, 2022		216,584	12	216,596
Total Comprehensive Income (Loss):				
Net loss		(4,154)	-	(4,154)
Other Comprehensive Income (Loss):				
Actuarial gain	**16**	1,242	-	1,242
Revaluation loss on fair value through other comprehensive income investments		-	(15)	(15)
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	(6)	(6)
Total Other Comprehensive Income		1,242	(21)	1,221
Total Comprehensive Loss		(2,912)	(21)	(2,933)
Balance at March 31, 2023		213,672	(9)	213,663
Total Comprehensive Income (Loss):				
Net Income		**2,033**	**-**	**2,033**
Other Comprehensive Income (Loss):				
Actuarial gain	**16**	**1,195**	**-**	**1,195**
Revaluation gain on fair value through other comprehensive income investments		**-**	**151**	**151**
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		**-**	**(179)**	**(179)**
Total Other Comprehensive Income		**1,195**	**(28)**	**1,167**
Total Comprehensive Income		**3,228**	**(28)**	**3,200**
Balance at March 31, 2024		**216,900**	**(37)**	**216,863**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended March 31 *(in thousands of Canadian dollars)*

	Notes	2024	2023
		$	$
Cash Flows from Operating Activities			
Net income (loss)		**2,033**	(4,154)
Adjustments for:			
Amortisation of deferred capital funding	**15**	**(3,967)**	(3,619)
Depreciation of property and equipment	**10**	**17,094**	17,780
Depreciation of investment properties	**11**	**678**	769
Depreciation of intangible assets		**22**	23
Gain on sale of investments		**(179)**	(6)
Change in employee benefits		**581**	510
Foreign exchange loss (gain)		**5**	(2)
		16,267	11,301
Changes in Working Capital:			
Trade and other receivables		**(541)**	(534)
Lessor inducement		**11**	12
Prepaids		**(9)**	(301)
Trade and other payables		**201**	(2,455)
Deferred revenue	**12**	**(454)**	(437)
		(792)	(3,715)
Net Cash Generated by Operating Activities		**15,475**	7,586
Cash Flows from Investing Activities			
Payments for property and equipment		**(6,852)**	(6,047)
Payments for investment properties		**-**	(4)
Government funding related to acquisitions of property and equipment received		**5,738**	4,423
Proceeds on sale of investments		**6,650**	5,070
Purchase of investments		**(9,741)**	(5,353)
Net Cash Used by Investing Activities		**(4,205)**	(1,911)
Cash Flows from Financing Activities			
Repayment of loans payable		**(400)**	(400)
Repayment of bonds payable		**(6,737)**	(6,312)
Repayment of lease liability		**(239)**	(259)
Net Cash Used by Financing activities		**(7,376)**	(6,971)
Foreign exchange (loss) gain on cash and cash equivalents held in foreign currency		**(5)**	2
Net increase (decrease) in cash and cash equivalents		**3,889**	(1,294)
Cash and cash equivalents at the beginning of the year		**7,508**	8,802
Cash and Cash Equivalents at the End of the Year	**8**	**11,397**	**7,508**
Supplemental disclosure on cash flow information			
Interest received included in operating activities		**849**	354
Interest paid included in operating activities		**2,429**	3,035

The accompanying notes form an integral part of these consolidated financial statements.

1. Authority and Activities

The Federal Bridge Corporation Limited (the "Corporation") is a *Canada Business Corporations Act* (CBCA) corporation listed in Schedule III Part 1 of the *Financial Administration Act* (FAA). It is an agent of the Crown, not subject to income tax under the provisions of the *Income Tax Act*. It is a parent Crown Corporation that reports to the Parliament of Canada through the Minister of Transport. The Corporation resulted, on February 1, 2015, from an amalgamation between the legacy The Federal Bridge Corporation Limited (the "legacy FBCL"), which was a parent Crown corporation, with its subsidiary, St. Mary's River Bridge Company (SMRBC), on January 27, 2015, and with another parent Crown corporation Blue Water Bridge Authority (BWBA). This was done in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*. The remaining planned amalgamation in this Act, with the Corporation's wholly-owned subsidiary, The Seaway International Bridge Corporation Ltd. (SIBC), has not been realised to date.

The Corporation's primary activities involve the ownership and operation of four international bridges linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America (U.S.). Moreover, the Corporation may also undertake other activities incidental to the bridge business.

The Corporation's wholly-owned subsidiary, SIBC, operates the Seaway International Bridge crossing in Cornwall as a joint operation (as described in note 6) per agreement between the Corporation as Canadian owner and The Great Lakes St. Lawrence Seaway Development Corporation (GLS) as U.S. owner. As a Crown corporation, SIBC is also subject to the same authorities as the Corporation. The Corporation is also a party to two other agreements for the operation of the international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the U.S. owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the Blue Water Bridge crossing between Point Edward, Ontario, and Port Huron, Michigan, the Corporation owns and operates the Canadian portion of the crossing. The U.S. side of the crossing is owned and operated by MDOT.

By Order in Council P.C. 2015-31 dated January 26, 2015, the Corporation was granted all necessary approvals of the *International Bridges and Tunnels Act* for the purposes of ownership and management of the international bridges under the Corporation's portfolio. *The Customs Act*, *section 6* requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and the Canada Border Services Agency (CBSA). Similar provisions in the *Plant Protection Act* and the *Health of Animals Act* mandate similar support for the Canadian Food Inspection Agency (CFIA) based at the land crossings. The subsidiary, SIBC, is also subject to the *Canada Marine Act* for the purposes of the management of the international bridge that crosses the St. Lawrence River.

The Corporation is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation is:

(a) to ensure that the pension plans will provide

- (i) a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,
- (ii) for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and,

(b) to outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

1. Authority and Activities (continued)

The Corporation was in full compliance with the directive as of December 31, 2017 and continues to comply with the directive.

By Order in Council P.C. 2015-1114 dated July 16, 2015, the Corporation was also directed to align its policies with the travel, hospitality, conference and event expenditure policies, directives, and other related instruments issued by the Treasury Board pursuant to Section 89 of the FAA as follows:

(a) to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations; and,

(b) to report on the implementation of this directive in its next corporate plan.

The Corporation complied with this directive in the 2016-17 fiscal year and continues to comply with the directive.

The registered office of the Corporation is 55 Metcalfe, Suite 200, Ottawa, Ontario, K1P 6L5.

The consolidated financial statements were approved and authorised to issue by the Board of Directors on June 20, 2024.

2. Material Accounting Policies

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

BASIS OF PREPARATION

The financial statements are consolidated as a result of the ownership in the joint operations and have been prepared on the historical cost basis as explained in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

ACCOUNTING FOR THE THOUSAND ISLANDS INTERNATIONAL BRIDGE

The Corporation records its proportionate share of the Thousand Islands International Bridge revenues and expenses, which consists of 50% gross revenues, 50% gross expenses other than CBSA/CFIA expenses, 100% of CBSA/CFIA expenses, and 50% depreciation of property and equipment. Similar to the revenue recognition policy below, gross revenues for the Thousand Islands International Bridge are recorded when the passenger vehicle users or commercial trucking companies cross the bridge.

The Corporation is responsible for the ownership and major maintenance of the bridges on the Canadian side of the border and as a result, the acquisitions of property and equipment and investment properties are recognised as assets by the Corporation. The Corporation has no interest in the assets or liabilities of TIBA.

INTERESTS IN JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2. Material Accounting Policies (continued)

When the Corporation undertakes its activities under joint operations, the Corporation as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and,
- its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses. The Corporation has assessed that two of its crossings meet the criteria of a joint operation, as explained in note 6. These crossings are at the Cornwall and Sault Ste. Marie international bridges.

FOREIGN CURRENCIES

Transactions in currencies other than the Corporation's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and the resulting gains (or losses) are recorded in net income as part of revenue (or operating expenses). Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Corporation's proportionate share of the assets and liabilities denominated in foreign currency of SSMBA are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period, with the exception of non-monetary items, which are not retranslated from their exchange rates prevailing at their date of acquisition. Income and expense items are translated at the average exchange rates for each quarter, unless exchange rates fluctuate significantly during that quarter, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in net income.

GOVERNMENT FUNDING

Normally, the Corporation is financed using its own operating income with the Corporation receiving federal government funding for specific acquisitions of major property and equipment and investment properties from time to time. However, since traffic volumes have not returned to pre-pandemic volumes, the Corporation has obtained federal government funding for operations. Approved government funding drawdowns not received at year-end are recognised as receivables in the Consolidated Statement of Financial Position.

Government funding is recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the periods in which the Corporation recognises its expenses of the related costs for which the funding is intended to compensate.

Government funding for prepaids, property and equipment and investment properties that are subject to depreciation are recorded as deferred government funding on the Consolidated Statement of Financial Position in the fiscal year in which the purchase is recorded. Income is then recognised in the Consolidated Statement of Comprehensive Income on the same basis, and over the same years, as the prepaid expenses are recognised or depreciation is recognised on the assets acquired using the government funding.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

2. Material Accounting Policies (continued)

The Corporation provides access to use the bridge to customers in exchange for a fixed fare. Revenues are recognised when control of the services have transferred and there is no unfulfilled obligation that could affect the customer receiving the services. For the Corporation, control is transferred, and therefore revenue is recognised, at the time the customer crosses the bridge. Where customers prepay tolls, these amounts are included in deferred revenue until the customer crosses the bridge. A receivable is recognised when customers cross the bridge, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Leases and permits revenue is recognised when services are rendered. Minimum lease payments, including lease incentives, relating to operating leases that the lessee is required to make, excluding contingent rent, are recognised on a straight-line basis over the life of the non-cancellable portion of the lease while contingent rent is recognised when earned. These revenues include payments received from tenants including Duty Free stores, commercial custom brokers, logistics companies, and travel and tourism office. All of the Corporation's leases in which the Corporation is the lessor are operating leases.

Deferred revenue represents tolls paid in advance by passenger vehicle users and commercial trucking companies, which represent contract liabilities per IFRS 15 – Revenue from Contracts with Customers, and also includes a prepaid minimal lease payment, which is accounted as leases under IFRS 16 – Leases, relating to an operating lease for a commercial tenant whose operations were expanded. Deferred revenues that will be recognised greater than one year after the reporting period are considered non-current deferred revenue.

Interest is recognised using the effective interest rate method and recorded in the year in which it is earned. The primary component of revenue in this category is interest related to investments.

FUNCTIONAL PRESENTATION OF EXPENSES

The Corporation's management reviews its expenses by function, therefore its consolidated financial statements are presented as such. Detail surrounding the nature of expenses is detailed in note 18. Functional departments are defined as such:

- Operations: expenses related to the collection of toll revenue, security, and traffic management;
- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands (see note 3 and note 7);
- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- CBSA & CFIA operations: The Corporation is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue; and,
- Administration: the expenses related to the management and oversight of the operations of the Corporation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes highly liquid investments with maturities of three months or less from the date of acquisition.

PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

Items of property and equipment, investment properties, and intangible assets are measured at cost less accumulated depreciation and impairment.

2. Material Accounting Policies (continued)

Depreciation is recognised so as to write off the cost of assets (other than land and projects in progress) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Property and equipment, investment properties and intangible assets are depreciated over their estimated useful lives, using the straight-line depreciation method, as follows:

Type of Asset	Straight-line
Bridges and roads	5 – 75 years
Vehicles and equipment	5 – 33 years
Buildings	10 – 70 years
Right-of-use	Lease term
Property improvements	10 – 30 years
Investment properties	10 – 70 years
Intangible assets	5 years

An item of property and equipment, investment properties or intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment, investment properties or intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in net income.

Assets in the course of construction are carried at cost. Cost includes design, engineering and professional fees, material inputs and capitalised salaries. Such assets are classified to the appropriate categories of property and equipment, investment properties or intangible assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Appropriateness of depreciation methods and estimates of useful lives and residual values are assessed on an annual basis. In order to establish useful lives for these assets, management uses its judgement to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

Properties are classified as investment properties when the properties are held to earn rental income or future rental is probable. As lessor, when assets are leased out under an operating lease, the asset is included in the Consolidated Statement of Financial Position within property and equipment and investment properties based on their primary use.

IMPAIRMENT

At the end of each reporting period the Corporation reviews its property and equipment, investment properties, and intangible assets to determine whether there are any indications of impairment. An impairment loss is recognised immediately in net income when an asset's carrying amount exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash inflows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When impairment indicators exist, the useful lives of the assets within the CGU are reviewed in order to determine if these should be re-assessed. For assets that have a remaining value after the impairment is recognised, the useful lives of the assets within the CGU are reviewed in order to determine if the useful lives should be shortened. Any changes in estimated useful lives are recorded on a prospective basis.

2. Material Accounting Policies (continued)

It has been determined that investment properties represent CGU's that could have an impairment analysis, whereas bridge operations (as a separate CGU) could not have an impairment calculation completed.

CONTINGENCIES AND PROVISIONS

A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability is disclosed when a possible obligation has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or when a present obligation has arisen from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

LEASES – AS A LESSEE

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Corporation changes its assessment of whether it will exercise an extension or termination options. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in net income if the carrying amount of the right-of-use asset has been reduced to zero.

EMPLOYEE BENEFITS

Retirement and Other Post-Employment Benefits

SIBC employees are covered by the Public Service Pension Plan (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service costs. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to SIBC employees.

Employees of SSMBA participate in the State of Michigan's defined benefits and defined contribution pension plans. Contributions are required by both the employees and the Corporation to cover current service costs. Contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to the employees of the SSMBA.

The Corporation's remaining employees participate in a defined contribution private pension plan and the cost of this plan is shared equally by the employees and the Corporation, allowing for additional voluntary contributions by employees. Employer payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

The Corporation also provides eligible employees with defined post-employment benefits including health, dental, life insurance and an employee assistance program. For these defined post-employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The discount rate used to determine the accrued benefit obligation is based on market rates

2. Material Accounting Policies (continued)

for non-current high quality bonds. Actuarial gains and losses are reflected immediately in the Consolidated Statement of Financial Position with a charge or credit recognised in other comprehensive income in the year in which they occur.

Actuarial gains and losses recognised in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to net income. Past service cost is recognised in net income in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and,
- actuarial gains and losses.

The Corporation presents the first two components of defined benefit costs within the function in which it is incurred. The non-current employee benefits recognised in the Consolidated Statement of Financial Position represent the unfunded portion of the Corporation's defined benefit plan.

Short-Term and Other Long-Term Employee Benefits

A liability is recognised for short-term benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are presented within current liabilities.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Corporation in respect of services provided by employees up to the reporting and measurement date of March 31. The Corporation provides service awards to eligible employees with a long history of commitment, dedication and exceptional service and have been with the organisation for a predetermined period of time. These service awards are a fixed dollar value provided to the employee every five years. The obligation and the cost of these benefits are determined on an actuarial basis using the projected unit credit method prorated on service and management's best estimate assumptions. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds.

Current service cost, interest cost and past service costs are presented in expense as per the function to which it relates. Actuarial gains and losses are recognised in full in the year in which they occur and are also recorded in expenses as per the function to which they relate. Past service costs associated with post-employment benefits are recognised as an expense at the earlier of when the plan amendment or curtailment occurs, or when the entity recognises related restructuring costs or termination benefits. These benefits are not pre-funded, resulting in a deficit equal to the accrued liability benefit obligation.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2. Material Accounting Policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instruments. At the initial recognition, the Corporation measures a financial instrument at its fair value plus transaction costs that are directly attributable to the acquisition of the financial instruments. Subsequently, the Corporation classifies its financial instruments in the following measurement categories:

- Financial assets to be measured subsequently at fair value through other comprehensive income;
- Financial assets to be measured at amortised cost; and
- Financial liabilities to be measured at amortised cost.

The classification depends on the Corporation's business for managing the financial assets and the contractual terms of the cash flows.

(i) Classification of Financial Instruments

The Corporation's financial assets and financial liabilities are classified and measured as follows:

ASSET/LIABILITY	CLASSIFICATION	SUBSEQUENT MEASUREMENT
Investments	Fair value through other comprehensive income	Fair value through other comprehensive income
	Amortised cost	Amortised cost
Holdbacks	Amortised cost	Amortised cost
Bonds payable	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Loans payable	Amortised cost	Amortised cost

(ii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expense over the relevant year to net income. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the instrument.

2. Material Accounting Policies (continued)

(iii) Financial Assets

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses and interest income. Interest income from these financial assets is included in net income using the effective interest rate method.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in net income using the effective interest rate method.

Impairment of Financial Assets

The Corporation assesses the expected credit losses associated with each class of financial asset, based on reasonable and supportable information, including forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Corporation applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of Financial Assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in net income. When a financial asset at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from accumulated other comprehensive income to net income and recognised as a gain or loss.

(iv) Financial Liabilities

All financial liabilities are measured at amortised cost. The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in net income.

3. Key Sources of Estimation Uncertainty and Critical Judgements

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on industry knowledge, consultation with experts and other factors that are considered to be relevant. Actual results may differ from these estimates.

USE OF ESTIMATES AND JUDGEMENTS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements included in the consolidated financial statements are decisions made by management, based on an analysis of relevant information available at the time the decision is made. Judgements relate to application of accounting policies, and decisions related to the measurement, recognition and disclosure of financial amounts.

3. Key Sources of Estimation Uncertainty and Critical Judgements (continued)

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included below and in the statement notes relating to items subject to significant estimate uncertainty. Determinations of critical judgements are reassessed at each reporting date.

PROPERTY AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

Estimates: Property and equipment, investment properties and intangible assets are depreciated over their useful lives. Useful lives are based on management's estimates of the years of service provided by the assets as outlined in note 2. The appropriateness of useful lives of these assets is assessed annually. Changes to the estimated useful lives would affect current and future depreciation expenses and the future carrying value of the assets.

Judgements: In order to establish useful lives for these assets, management uses its judgement to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

LONG-LIVED ASSETS VALUATION

Judgements: The Corporation performs impairment testing on its long-lived assets, when circumstances indicate that there may be impairment. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in determining the grouping of assets to identify their CGU for the purpose of impairment testing.

The Corporation assesses impairment by comparing the recoverable amount of a long-lived asset, CGU or CGU group to its carrying value. The recoverable amount is defined as the higher of: i) value in use, or ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation.

Estimates: The recoverable amount involves significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Corporation's future results, if the current estimates of future performance and fair values change. These determinations will affect the amount of amortisation recognised in future years.

EMPLOYEE BENEFIT PLANS

Estimates: The cost of other post-employment benefits and other long-term employee benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of retirement ages of employees, and mortality rates, as well as expected health care costs for other post-employment benefits only. Discount rates used in actuarial calculations are based on long-term interest rates and can have a material effect on the employee benefit liabilities. Management employs external experts to advise the Corporation when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses.

LEASES – AS A LESSEE

Judgements: In determining whether a contract meets the definition of a lease, management makes significant judgements regarding whether an identified asset is present, the Corporation has the right to obtain substantially all of the economic benefits, and the Corporation has the right to direct the use of the asset. In addition, management uses judgement to allocate the value of the lease between lease and non-lease components by allocating the total value of the lease to each component based on their stand-alone costs. Management also uses judgement in determining the minimum lease payments, which takes into consideration whether renewal options will be reasonably exercised or not at the inception of the lease.

3. Key Sources of Estimation Uncertainty and Critical Judgements (continued)

LEASES – AS A LESSOR

Judgements: The Corporation is party to many leasing arrangements, which requires Management to determine whether the lease is a finance or operating lease, by assessing if substantially all of the risks and rewards of ownership have passed to the lessee. A lease is classified as a finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases. The most significant judgement, in determining whether the lease transfers substantially all of the risks and rewards of ownership, is whether renewal options are reasonably assured to be exercised at the inception of the lease. At the inception of the lease, the Corporation considers both the minimum lease payment as well as the contingent rent in order to determine whether the renewal options are reasonably assured to be exercised. In Management's judgement, all of the Corporation's leases are considered to be operating leases.

JOINT ARRANGEMENTS

Judgements: Management applies judgement in assessing the Corporation's status when it is party to joint arrangements. In assessing if the Corporation has joint control of an arrangement, the parties involved must determine if the activities that significantly affect the returns of the arrangement are collectively considered. Once joint control is determined, the Corporation applies judgement in determining whether the arrangement is a joint operation or a joint venture. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In Management's judgement, the Corporation has two arrangements that are determined to be joint operations, at the Cornwall (SIBC) and Sault Ste. Marie (SSMBA) crossings. Despite the SIBC operation being a 100% wholly-owned subsidiary, due to the international agreement governing its operations, it is considered a joint operation by management. This joint operation in Sault Ste. Marie is considered a foreign operation, however due to the high interdependency between SSMBA and the Corporation, the functional currency judged by management is the Canadian dollar. Management accounts for the difference in equity distribution owed to (or due from) the U.S. partners of these agreements as an adjustment to cash and cash equivalents.

Additional information on the Corporation's joint arrangements can be found in note 6.

THOUSAND ISLANDS INTERNATIONAL BRIDGE

Judgements: There is a third arrangement with an international partner that was judged not to be a joint arrangement by management as the Corporation does not jointly control TIBA. Significantly, this is derived from the fact that four of the seven members of the Board of Directors are appointed by the U.S. partner in the arrangement.

It was determined that although the Corporation can appoint three of the seven members, TIBA is not considered an associate as the Corporation does not have significant influence of TIBA. This arrangement was judged to be this way due to the structure of the agreement with the partner which gives the Corporation the rights to a proportionate share of the bridge related revenues and expenses. However, the agreement does not give the Corporation rights or responsibilities to the assets and liabilities recorded on the financial statements of the operator of the crossing as they relate to the crossing.

Additional information on the Corporation's arrangement with TIBA can be found in note 7.

TIBA provides goods or services to customers directly. The Corporation needed to determine if it was considered the principal or the agent for the purposes of determining the revenue presentation. In determining who is the principal, it had to be determined who controls the goods before they are transferred to the customer. Since the Corporation has an obligation to maintain the bridge, it was deemed that the Corporation controls the goods before being transferred to the customer. Due to these considerations, the Corporation determined that it acts as a principal and therefore a gross presentation is required.

3. Key Sources of Estimation Uncertainty and Critical Judgements (continued)

CONTINGENCIES AND PROVISIONS

Estimates: In determining a reliable estimate of the obligation, management makes assumptions about the amount, likelihood, and timing of outflows, as well as the appropriate discount rate. Factors affecting these assumptions include the nature of the provision, the existence of a claim amount, opinions or views of legal counsel and other advisers, experience in similar circumstances, and any decision of management as to how the Corporation intends to handle the obligation. The actual amount and timing of outflows may deviate from assumptions, and the difference might materially affect future consolidated financial statements, with a potentially adverse impact on the consolidated results of operations, financial position and liquidity.

4. Material Accounting Policy Information (adoption of amendments to IAS 1)

Amendments to IAS 1, *Presentation of Financial Statements* and IFRS practice Statement 2, with regards to disclosure of accounting policies have been adopted for the current fiscal year. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in the consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those consolidated financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

IFRS Practice Statement 2 provides guidance and examples to explain and demonstrate the application of the "four-step materiality process".

The notes relating to Trade and other receivables, Intangible assets, Holdbacks and Lease liability have been removed from the consolidated financial statements as they are not considered material. Non-material information has been removed from the government funding, contingencies, and long-term employment benefits note disclosures.

Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, with regards to replacement of the definition of a change in accounting estimates to a definition of accounting estimates has been adopted. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". There was no impact on the consolidated financial statements.

5. Future Changes in Accounting Policies

The following accounting standards' amendments are issued but not yet effective. Management is still assessing the potential impacts of these standards' amendments on its consolidated financial statements, and as such its impacts are not yet known at this time. However, management is expecting to implement these standards' amendments at their effective date.

IAS 1 – CRITERION FOR CLASSIFYING A LIABILITY AS NON-CURRENT

IAS 1, Presentation of Financial Statements, has been revised to incorporate amendments to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The effective date for this amendment is for annual periods beginning on or after January 1, 2024, with earlier adoption permitted.

5. Future Changes in Accounting Policies (continued)

IAS 1 – NON-CURRENT LIABILITIES WITH COVENANTS

IAS 1, *Presentation of Financial Statements*, has been revised to incorporate amendments requiring an entity to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period. The effective date for these amendments is for annual periods beginning on or after January 1, 2024, with earlier adoption permitted.

6. Joint Operations

The Corporation has entered into a joint operation with GLS for operation of toll bridges across the St. Lawrence River between Cornwall, Ontario, Canada and Rooseveltown, New York, U.S. through a wholly-owned subsidiary of the Corporation, SIBC. Although the Corporation owns 100% of the shares of SIBC there is a governing agreement that grants the Board of Directors of SIBC with the full power to manage the affairs of SIBC. Since the Corporation and GLS each appoint 50% of the Directors, the Corporation concluded it has joint control of SIBC with GLS. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SIBC has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of SIBC. As per the Joint Venture agreement, SIBC's annual surplus is to be distributed equally between FBCL and GLS and consequently the Corporation's Consolidated Statement of Comprehensive Income typically includes 50% of SIBC revenues and expenses.

During the current year, the Corporation claimed parliamentary appropriations from the Government of Canada to fully fund SIBC revenue shortfalls (see Note 15). This funding was provided to fund the entirety of the SIBC crossing, both the Corporation's share of net expenses, and the partner's (GLS) share. Included in the Consolidated Statement of Comprehensive Income is the 50% FBCL share of the joint arrangement as well as $545 in expenses to cover the SIBC remaining deficit in accordance with the funding arrangement.

In the prior year, the SIBC operating deficit was fully funded by the Government of the United States (see Note 15). This funding was provided to fund the entirety of the SIBC crossing, both the Corporation's share of net expenses, and the partner's (GLS) share. Included in the Consolidated Statement of Comprehensive Income is the 50% FBCL share of the joint arrangement as well as $586 in Government funding, which represents 50% of the American partner's contribution toward the SIBC revenue shortfalls.

The Corporation's share of SIBC's cash and cash equivalents is adjusted to account for the difference in the equity distribution between the Corporation and GLS in the amount of $496 (2023 - $595).

The Corporation has entered into an arrangement with MDOT for the operation of the Sault Ste. Marie International Bridge through a separate legal entity, SSMBA, and for operational delivery by IBA, an entity of MDOT. The Corporation has the right to appoint 50% of the directors of the Board of SSMBA which directs the relevant activities of the bridge and its operations, and the Corporation has concluded it has joint control with IBA. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SSMBA has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of the SSMBA. The Corporation's share of SSMBA cash and cash equivalents is adjusted to account for the difference in equity distribution between the Corporation and the U.S partner, MDOT. The undistributed equity bears no interest, and is payable on demand with funds restricted per the international agreement to be used only as they relate to the international crossing in Sault Ste. Marie.

Notes to the Consolidated Financial Statements (in thousands of dollars)

7. Thousand Islands Bridge Authority

The Thousand Islands International Bridge is managed by TIBA in accordance with a bi-national agreement with the Corporation. Due to the nature of the structure of this agreement, the Corporation is entitled to 50% of the gross revenues that are generated at the crossing, and is also responsible for 50% of the operating expenses for the crossing. The net of revenues less expenses are transferred to or from TIBA for the six-month periods ending February 29 and August 31.

For the fiscal year ending March 31, 2024, $7,905 of revenues (2023 – $6,695) are yet to be collected by the Corporation from TIBA and $6,258 (2023 – $6,324) is owed by the Corporation to TIBA to cover operating costs. Furthermore, property and equipment acquisitions of $12 (2023 - $8) and prepaid expenses of $nil (2023 - $38) is owed by the Corporation to TIBA. The net amount due to the Corporation from TIBA, for the fiscal year ended March 31, 2024, is $1,634 (2023 - $325). The total amount outstanding to Corporation, included in trade and other receivables, is $1,959 (2023 - $1,258).

8. Cash and cash equivalents

As at March 31	2024	2023
	$	$
Cash	**7,353**	7,309
Cash equivalents	**4,044**	199
Total cash and cash equivalents	**11,397**	7,508

9. Investments

As at March 31	2024	2023
	$	$
Investments carried at amortised cost		
Deposit certificates	**2,171**	2,346
Total investments carried at amortised cost	**2,171**	2,346
Investments carried at fair value through other comprehensive income		
Government of Canada bonds	**61**	54
Provincial bonds	**88**	83
Corporate bonds	**7,437**	4,032
Total investments carried at fair value through other comprehensive income	**7,586**	4,169
Total investments	**9,757**	6,515
Less: Current portion	**9,757**	6,515
Non-current portion	**-**	-

The average term to maturity for the Corporation's bonds is 1.1 years (2023 – 1.3 years), and they earn an average interest rate of 2.65% (2023 – 2.57%). The average term to maturity for the Corporation's deposit certificates was 248 days (2023 – 229 days), and earned interest at an average annual rate of 5.21% (2023 – 4.9%).

Notes to the Consolidated Financial Statements (in thousands of dollars)

10. Property and Equipment

Cost	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-use Assets	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2022	14,838	270,532	35,174	144,462	1,629	36,042	4,260	506,937
Additions	70	2	391	-	-	-	4,915	5,378
Disposals	-	-	(2,587)	-	(92)	-	-	(2,679)
Transfers	-	3,366	3,803	241	-	-	(7,410)	-
Balance, March 31, 2023	14,908	273,900	36,781	144,703	1,537	36,042	1,765	509,636
Additions	59	53	627	-	-	-	5,788	6,527
Disposals	-	(2,659)	(93)	-	(16)	-	-	(2,768)
Transfers	-	6,024	224	3	-	-	(6,251)	-
Balance, March 31, 2024	**14,967**	**277,318**	**37,539**	**144,706**	**1,521**	**36,042**	**1,302**	**513,395**

Accumulated depreciation	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-use Assets	Property Improvements	Projects in progress	Total
	$	$	$	$	$	$	$	$
Balance, April 1, 2022	-	92,685	15,905	35,884	630	14,575	-	159,679
Elimination on disposal of assets	-	-	(2,587)	-	-	-	-	(2,587)
Depreciation	-	9,429	2,532	4,134	191	1,494	-	17,780
Balance, March 31, 2023	-	102,114	15,850	40,018	821	16,069	-	174,872
Eliminated on disposal of assets	-	(2,659)	(93)	-	-	-	-	(2,752)
Depreciation	-	8,900	2,532	3,984	187	1,491	-	17,094
Balance, March 31, 2024	**-**	**108,355**	**18,289**	**44,002**	**1,008**	**17,560**	**-**	**189,214**
Net book value, March 31, 2024	**14,967**	**168,963**	**19,250**	**100,704**	**513**	**18,482**	**1,302**	**324,181**
Net book value, March 31, 2023	14,908	171,786	20,931	104,685	716	19,973	1,765	334,764

At year-end, the Corporation reviews the estimated useful lives of its capital assets and updates the useful lives as at April 1 of the current fiscal year. As at March 31, 2024, the Corporation revised the estimated useful lives of bridge painting and other smaller modifications to a variety of assets (2023 – estimated useful lives of maintenance building HVAC and toll equipment). These changes in useful lives are changes in accounting estimates and have been applied on a prospective basis starting on April 1, 2023. These changes in useful lives result in an increase in annual depreciation expense as high as $516 (March 31, 2029) and a decrease in annual depreciation expense as low as $614 (March 31, 2024) and impacts the fiscal years ending March 31, 2024, to March 31, 2044, with fiscal 2029 having the highest increase in depreciation expense. (2023 – as high as an increase of $62 and as low as a decrease of $21 impacting fiscal years ending March 31, 2023, to March 31, 2038, with fiscals 2023 and 2024 having the highest increase).

Notes to the Consolidated Financial Statements (in thousands of dollars)

11. Investment Properties

	Investment Properties
	$
Cost	
Balance, April 1, 2022	25,887
Additions	4
Disposals	-
Balance, March 31, 2023	25,891
Additions	-
Disposals	(23)
Balance, March 31, 2024	**25,868**
Accumulated depreciation	
Balance, April 1, 2022	7,849
Disposals	-
Depreciation expense	769
Balance, March 31, 2023	8,618
Disposals	(23)
Depreciation expense	678
Balance, March 31, 2024	**9,273**
Net book value, March 31, 2024	**16,595**
Net book value, March 31, 2023	17,273

Investment properties comprise commercial properties that are leased to third parties.

Rental income for the year ended March 31, 2024, amounts to $3,785 (2023– $3,429) and is included within 'leases and permits'. Contingent rent of $2,440 (2023 - $2,087) is included in rental income. There was one significant investment property that was vacant at March 31, 2024 (2023 – no significant investment properties that were vacant). This property was rented starting in June 2024.

Fair value of the investment properties have been determined based on a valuation performed by an independent valuator who is a current member of the Appraisal Institute of Canada with the exception of the fair value of land, which was evaluated internally. The value is $27,047 and was determined as March 31, 2024 based on valuation conducted at that date (2023 - the fair value is $28,121 and was determined as at March 31, 2023 based on March 31, 2021, valuations extrapolated to March 31, 2023, using the Consumer Price Index and adjusted for obsolescence). The fair value of the properties have not been determined on transactions observable in the market because of the nature of the properties and the lack of comparable data. The fair value was determined by estimating the replacement cost of the building and also reduced by obsolescence, considering inputs such as the type of building, age, condition and region that the building is in as well as the mechanical systems attached.

Notes to the Consolidated Financial Statements (in thousands of dollars)

12. Deferred Revenue

As at March 31	2024	2023
	$	$
Contracts with customers		
Debit cards and passenger vehicles tickets	**76**	72
Prepaid commercial/commuter vehicles	**1,619**	1,917
Total contracts with customers	**1,695**	1,989
Leases		
Current prepaid facility rentals	**210**	218
Non-current prepaid facility rentals	**760**	912
Total leases	**970**	1,130
Total deferred revenue	**2,665**	**3,119**
Less: Current portion	**1,905**	2,207
Non-current portion	**760**	912

Contracts with customers include debit cards, passenger vehicle tickets and prepaid commercial/passenger vehicles. As of December 31, 2022, the tokens program was terminated at the Point Edward location, the value of the tokens remaining at that date were recorded as revenue in the prior year since there is no obligation for the Corporation to accept tokens. The majority of the deferred revenues from contracts with customers are recognised as revenues in the following fiscal year. The following are the tolls received during the year that have not been recognised in revenue and tolls received in the previous years that are recognised in revenues in the current fiscal year.

As at March 31	2024	2023
	$	$
Balance, start of year	**1,989**	2,297
Tolls received during year that have not been recognised in revenue	**1,246**	1,435
Tolls received in previous years that are recognised in revenue	**(1,540)**	(1,743)
Balance, end of year	**1,695**	1,989

13. Loans Payable

As at March 31	2024 Carrying cost	2023 Carrying cost
	$	$
$10,000 term facility payable monthly		
$10,000 @ 2.811% locked until February 11, 2027	**9,167**	9,567
Total loans payable	**9,167**	9,567
Less: Current portion	**400**	400
Non-current portion	**8,767**	9,167

Notes to the Consolidated Financial Statements (in thousands of dollars)

13. Loans Payable (continued)

Principal and interest payments for the term facility and credit facility for the remaining years are as follows:

	Principal	Interest	2024 Total
	$	$	**$**
2025	400	253	653
2026	400	241	641
2027	8,367	212	8,579
Thereafter	-	-	-
	9,167	706	9,873

The Corporation maintains one (2023 – one) credit facility with a Canadian chartered bank in the total amount of $10,000 (2023 - $10,000). The facility has been approved by the Minister of Finance as part of the Corporation's borrowing plan. The credit facility is a reducing term facility, which originally was drawn for $10,000 (2023 - $10,000) on a fixed rate, non-current basis with periodic payments of interest and principal not to exceed a maturity of 25 years. This facility carries the same security as the full bond issuance (Note 14). At March 31, 2024, $9,167 remained drawn (2023 - $ 9,567).

14. Bonds Payable

As at March 31	**2024 Carrying cost**	2023 Carrying cost
	$	$
Series 2002-1 bonds maturing July 9, 2027 payable semi-annually on January 9 and July 9	**27,357**	34,094
Total bonds payable	**27,357**	34,094
Less: current portion	**7,191**	6,737
Non-current portion	**20,166**	27,357

Principal and interest payments for the bonds for the remaining years and thereafter are as follows:

	Principal	Interest	2024 Total
	$	**$**	**$**
2025	7,191	1,695	8,886
2026	7,675	1,211	8,886
2027	8,192	694	8,886
2028	4,299	144	4,443
	27,357	3,744	31,101

The Corporation has issued at a face value of $110,000, 6.41% Revenue Bonds payable semi-annually, Series 2002-1, due July 9, 2027.

The Bonds constitute direct, unsecured, and unconditional obligations of the Corporation, and of the Crown in right of Canada who is its principal. Payment of principal of and interest on the Bonds by the Crown in right of Canada in an event of default are subject to government funding.

Notes to the Consolidated Financial Statements (in thousands of dollars)

14. Bonds Payable (continued)

Below is the requirement for any Bonds outstanding or any obligations under the indenture:

i) The principal and interest will be duly paid on the due dates.

ii) Insurance will be maintained in such types and amounts in accordance with sound business practices and standards in the industry.

iii) The Corporation shall maintain its corporate existence pursuant to the CBCA and maintain its existence as an agent Crown corporation or an agent parent Crown corporation under the *Financial Administration Act* (Canada). In addition, The Corporation shall at all times comply in all material respects with the requirements of the CBCA, the *Financial Administration Act* (Canada), the *Economic Action Plan 2013 Act, No. 2* and all other applicable laws and governmental orders or regulations.

iv) The Bonds shall constitute direct, unsecured, and unconditional obligations of the Corporation, and as such constitute direct, unsecured, and unconditional obligations of the Crown in right of Canada.

Transaction costs including bond restructuring costs of $1,660 have been added to the $110,000 principal bond amount, resulting from the bond restructuring due to the amalgamation of legacy BWBA and the legacy FBCL.

15. Government Funding

Government of Canada funding: As part of the *Appropriation Act No. 2, 2023-24* (2023 - *Appropriations Act No. 3, 2022-23*), FBCL was authorised to receive up to $7,381 (2023 - $5,503) in Government funding to support the continued safe operation and certain capital acquisitions across the portfolio of bridges. This Government funding is required given the reduction of the Corporation's revenues as a result of the significant reduction in traffic (and associated toll collection) following the prolonged cross-border travel restrictions related to COVID-19. Of the $7,381 in Canadian government funding, $1,091 (2023 – nil) has been recognised in the Consolidated Statement of Income to cover SIBC's shortfall and $5,954 (2023 - $4,423) has been recognised in the deferred capital funding and amortised, if applicable.

Government of the United States of America funding: In the prior year, The U.S. federal government, through its Consolidated *Appropriations Act, 2022*, provided access to funding for GLS, of which up to US$1,500 was allocated to SIBC during the 2022-23 fiscal year to address the operating shortfalls brought on as a result of COVID-19. Of that amount, Cdn$586 was recognised in the Consolidated Statement of Comprehensive Income to cover the Corporation's share of the revenue shortfall. No funding was received in the current year from the Government of the United States of America.

Funds for capital assets purchased for SIBC are to be transferred to SIBC in future years to compensate for the revenue shortfalls caused by the amortisation of the related tangible capital assets purchased.

As at March 31	**2024**	2023
	$	**$**
Canadian Government funding available	**7,381**	5,303
Government funding used for operating expenses - SIBC	**1,091**	-
Government funding used for purchase of capital assets - SIBC	**137**	171
Government funding used for operating expenses - FBCL	**-**	-
Government funding used for purchase of capital assets - FBCL	**5,817**	4,252
Total Canadian Government funding claimed	**7,045**	4,423
Unclaimed Government funding	**336**	880

Notes to the Consolidated Financial Statements (in thousands of dollars)

15. Government Funding (continued)

As at March 31	2024	2023
	$	$
Deferred capital funding		
Balance, start of year	**98,227**	97,423
Government funding for capital expenditures received	**5,954**	4,423
Amortisation of deferred capital funding	**(3,967)**	(3,619)
Balance, end of year	**100,214**	**98,227**

Deferred government funding	**100,214**	98,227
Less: Current portion	**4,110**	3,823
Non-current portion	**96,104**	94,404

16. Employee Benefits

PENSION BENEFITS

The Corporation has contracted an outside firm to operate and administer an employee pension plan. Employees of the Corporation must join the pension plan, subject to eligibility requirements. The pension plan, which is a defined-contribution pension plan, is funded on a money-purchase basis with members contributing up to 11.5% of their annual earnings. In accordance with the plan, the Corporation is required to fund matching contributions up to 9.0% (2023 - up to 9.0%). During the year, the Corporation's pension contributions amounted to $414 (2023 – $373).

Additionally, employees of SIBC are enrolled in the *Public Service Pension Plan* (the Plan). Under the Plan, the President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year-end was a multiple of 1.00 for all employees (2023 - 1.00). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Corporation's portion of pension contributions amounted to $55 (2023 – $52) during the year.

The employees of SSMBA participate in the State of Michigan's defined benefit and defined contribution plans. SSMBA is required to make contributions to the defined benefit plan based on an actuarially determined rate. For the defined contribution plan, SSMBA is required to contribute 4.0% of payroll plus up to an additional match of 3.0%. The contribution requirements of the plan members and SSMBA are established and may be amended by state legislation. During the year, the Corporation's portion of pension contributions amounted to $130 (2023 – $112).

Contributions, for the fiscal year ending March 31, 2025, to the Public Service Pension Plan and the State of Michigan's defined benefit and defined contribution plans are anticipated to be consistent with the contributions made during the year.

OTHER BENEFITS

Other than the pension plan, the Corporation provides post-employment benefits to its eligible employees through health, dental, life insurance and an employee assistance program as well as other long-term benefits, which consist of service awards. Benefit costs related to current service are charged to income as services are rendered. The risks associated with these benefits include changes in discount rates, mortality rates, per capita claim costs and general inflation that can cause volatility in the Corporation's financial results. The actuarial valuation was performed as at March 31, 2024.

Notes to the Consolidated Financial Statements (in thousands of dollars)

16. Employee Benefits (continued)

The following table sets forth the status of the post-employment non-pension related benefit plan:

Defined benefit obligation	Post-employment
	$
Balance, April 1, 2022	8,018
Current service cost	494
Past service credit	-
Interest cost	336
Actuarial (gain)/loss - other	44
Actuarial (gain)/loss - financial assumptions	(1,286)
Benefits paid	(247)
Balance, March 31, 2023	7,359
Current service cost	411
Past service credit	(132)
Interest cost	375
Actuarial (gain)/loss - other	(250)
Actuarial (gain)/loss - financial assumptions	(945)
Benefits paid	(263)
Balance, March 31, 2024	**6,555**

Total long-term employee benefits include post-employment of $6,555 (2023 - $7,359) and service awards of $66 (2023 - $67), totaling $6,621 (2023 - $7,426).

Changes in other comprehensive income during the year:

As at March 31	2024	2023
	$	$
Actuarial gains arising during the year	**1,195**	1,242

Post-employment expense recognised in net income (loss) during the year is as follows:

As at March 31	2024	2023
	Post-employment	Post-employment
	$	$
Current service costs	**411**	494
Past service costs / (credits)	**(132)**	-
Interest cost	**375**	336
Net post-employment expense recognised in year	**654**	830

Notes to the Consolidated Financial Statements (in thousands of dollars)

16. Employee Benefits (continued)

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations and net benefit plan expense are as follows:

As at March 31	**2024**	2023
Discount Rate, accrued benefit obligation	4.90%	4.90%
Discount Rate, benefit cost	4.90%	4.00%
Weighted average assumptions		
Initial weighted average health care trend	5.47%	5.49%
Ultimate weighted average health care trend	3.93%	3.98%
Year ultimate health care trend rate is reached	2041	2036
Mortality rates	CPM Public table generational improvements using MI - 2017 (2023 - CPM Public table generational improvement using MI - 2017)	

The assumed drug trend rate as of March 31, 2024, is 5.50% (2023 – 7.0%) per annum decreasing linearly to 4.0% (2023 – 4.0%) per annum in 2041 (2023 - 2036) fiscal year.

The assumed other health care trend rate as of March 31, 2024, is 6.00% (2023 – 4.0%) per annum decreasing linearly to 4.0% per annum in 2032 (2023 – remains at 4.0%).

The assumed vision and dental trend rates as of March 31, 2024, are 0.0% and 6.00%, respectively (2023 – 0.0% and 4.0%) with dental trend rates decreasing linearly to 4.0% per annum in 2032 (2023 – remains at 4.0%).

The average expected maturity of the plan obligation is 15 years (2023 – 20 years).

SENSITIVITY ANALYSIS

The Corporation has reviewed the assumptions used in the actuarial calculations and has identified the following assumptions as those that could result in a significant impact on the defined benefit obligation:

As at March 31	**2024**	2023
	$	$
Discount rate - increase of 1 %	**(885)**	(1,122)
Discount rate - decrease of 1 %	**1,124**	1,454
Future mortality - increase of 1 year age	**(185)**	(264)
Future mortality - decrease of 1 year age	**183**	265
Trend rates - increase of 1 %	**1,018**	1,490
Trend rates - decrease of 1 %	**(817)**	(1,160)

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that a change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

Notes to the Consolidated Financial Statements (in thousands of dollars)

17. Issued Capital

The Corporation's articles of incorporation authorise an unlimited number of shares without par value. The Corporation has two issued and fully paid shares.

18. Supplementary Expense Information

The following table shows the breakdown of expenses by nature for each function on the Consolidated Statement of Comprehensive Income.

Year ended March 31	2024	2023
	$	$
Depreciation of property and equipment	**17,094**	17,780
Salaries and employee benefits	**16,318**	15,849
Goods and services	**6,998**	6,463
Repairs and maintenance	**4,050**	3,970
Professional services	**1,182**	922
Depreciation of investment property	**678**	769
Foreign exchange loss	**67**	316
Depreciation of intangible assets	**22**	23
Additional funding of SIBC operations	**545**	-
Total Expenses	**46,954**	46,092

19. Related Party Transactions

Balances and transactions between the Corporation and its share of its joint operations have been eliminated on consolidation and are not disclosed in this note. Related party transactions relating to employee benefits are disclosed in note 16, and government bonds and deposit certificate investments are disclosed in note 9. These transactions have been recorded at the exchange amount, meaning the amount agreed to between parties.

Details of transactions between the Corporation and other related parties are disclosed below.

TRANSACTIONS WITH GOVERNMENT RELATED ENTITIES

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business. These operations are measured at fair value.

During the year, the Corporation recorded $5,954 of new Canadian government funding (2023 – $4,423). At March 31, 2024, the Corporation recorded $468 (2023 – $239) in accounts receivable with related parties and no material related party accounts payable (2023 – $nil).

The Corporation also receives services, such as financial statement audits, at no charge, which have not been reflected in these consolidated financial statements.

Notes to the Consolidated Financial Statements (in thousands of dollars)

19. Related Party Transactions (continued)

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as the Board of Directors and members of the senior executive team who have the authorities and responsibilities for planning, controlling and directing the activities of the Corporation.

Compensation of key management personnel was as follows:

Year ended March 31	2024	2023
	$	$
Short-term employee benefits	**1,227**	1,272
Retirement and other post-employment benefits	**72**	73
Total	1,299	1,345

20. Facility Rentals

The Corporation has entered into contracts with companies who rent space in its buildings at various crossings. Contingent rent, based on sales at the Duty Free Shops and Currency Exchange, are the largest components of the rent received by the Corporation from these lessees. Two of these Duty Free stores and the Currency Exchange have a fixed component of their rent. Contingent revenue recognised during the current year for these leases was $2,440 (2023 – $2,087). The lessee of the Duty Free Shop at the Point Edward crossing has also paid for the expansion of the building. This payment was recorded as deferred revenue and is recognised as revenue on a straight-line basis, amortised over the non-cancellable lease term.

The future minimum rental receivable under non-cancellable operating leases are as follows:

As at March 31	2024	2023
	$	$
Within one year	**895**	1,110
After one year but not more than five	**2,198**	2,561
More than five years	**397**	885
Total	3,490	4,556

21. Contingent Liabilities

The Corporation is named as a defendant jointly and severally with its wholly-owned subsidiary corporation, SIBC, and The Crown in regards to its mandate for the collection of tolls at the Seaway International Crossing. The amount of the claim is $50,000, subject to accounting for bridge tolls and revenues. Transport Canada has assumed responsibility to defend against the claim. The Corporation and its subsidiary corporation, SIBC, are agent Crown Corporations in their own rights and, with respect to this claim, they are being sued for taking actions that they are mandated to take as agents of The Crown. The outcome, timing and amount of any settlement of this claim cannot be determined at this time due to uncertainties primarily related to the resolution of a separate land claim by the same party against The Crown that must first be considered. Also, the long-term legal proceedings on this matter, which have spanned decades, and the basis of inclusion of elements of bridge tolls and revenues must also be deliberated.

In the normal course of its activities, the Corporation may become a claimant or defendant or may be involved in certain pending claims or lawsuits. At March 31, 2024 there is one claim against FBCL and one claim against SIBC. The result of each claim are not determinable at this time. There exists a potential claim against SIBC relating to an incident causing death. The outcome of this potential claim is not determinable at this time as the investigations are still on-going.

Notes to the Consolidated Financial Statements (in thousands of dollars)

22. Commitments for Expenditure

a) The Corporation has commitments totaling $20,133 (2023 – $8,888) including:

i. Administrative contracts of $1,232 (2023 – $317) for internal audit, internet services and other contracts;

ii. Capital project contracts of $14,794 (2023 – $5,634) for the purchase of property and equipment;

iii. Maintenance contracts of $3,834 (2023 – $2,560) have been awarded; and

iv. Rental agreement of $273 (2023 - $377) for the Ottawa office lease.

b) In the normal course of business, the Corporation enters into contractual agreements for goods and services over periods beyond one year. Disbursements largely depend on future volume-related requirements and are subject to the Corporation's contractual rights of termination.

Total commitments for administrative, maintenance and capital projects contracts, in years, are as follows:

As at March 31	**2024**	**2023**
	$	$
Within one year	**17,301**	6,602
After one year but not more than five	**2,338**	1,909
More than five years	**221**	-
Total	**19,860**	8,511

Total commitments for office space, in years, are as follows:

As at March 31	**2024**	2023
	$	$
Within one year	**91**	98
After one year but not more than five	**182**	279
Total	**273**	377

The Corporation leases its head office at 55 Metcalfe, in Ottawa, ON. The rental contract is for a fixed term ending December 31, 2026, with no renewal options and no variable lease payments. The commitment for office space, above, represents the operating costs associated with the right of use asset recognised in Property and Equipment (see Note 10).

Notes to the Consolidated Financial Statements (in thousands of dollars)

23. Financial Instruments

The fair values of trade and other receivables, trade and other payables, holdbacks, and the current portion of the loans payable and bonds payable approximate their carrying value due to the short-term nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial assets and liabilities are listed in the following table:

As at March 31			**2024**
	Value	**Cost**	**Level**
	$	**$**	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	**7,586**	**7,586**	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	**2,171**	**2,171**	Level 2
Loans payable	**9,167**	**9,167**	Level 2
Bonds payable	**28,627**	**27,357**	Level 2

As at March 31			**2023**
	Value	Cost	Level
	$	$	
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	4,169	4,169	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	2,346	2,346	Level 2
Loans payable	9,567	9,567	Level 2
Bonds payable	36,290	34,094	Level 2

The credit rating of the investments measured at fair value through other comprehensive income remains in compliance with the Corporation's investment policy, which requires all investments be no lower than a grade A, based on external credit ratings.

The fair value of investments measured at fair value through other comprehensive income are priced daily by the FTSE TSX Debt Market Indices service.

A discounted cash flow method, using a factored rate equal to the prevailing market rate of interest for loans and debt bonds having similar terms and conditions, was used to determine the fair value of the loans payable and bonds payable.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation is subject to credit risk on cash, cash equivalents, investments measured at fair value through other comprehensive income, and trade and other receivables.

The Corporation manages this risk by dealing only with members of the Payments Canada or the Government of Canada and by closely monitoring the issuance and collection of credit to commercial clients. The carrying amount reported on the Corporation's Consolidated Statement of Financial Position for its financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk. At March 31, 2024 there were no provisions recorded. The credit risk is not significant for the Corporation (2023 – not significant).

Notes to the Consolidated Financial Statements (in thousands of dollars)

23. Financial Instruments (continued)

The credit risk associated with cash, cash equivalents, and investments measured at fair value through other comprehensive income is reduced substantially by ensuring that cash surpluses are invested in highly liquid investments. The Corporation's policy is to invest cash surpluses in low-risk instruments at an investment grade "A" or equivalent. Management believes the risk of loss is not significant. The credit risk associated with accounts receivable is minimised since a large portion of the amount is owed from federal government departments generally within 90 days, interest on investments with a grade of "A" or equivalent, receivables from long-term international partners and a long-term commercial lease tenant which also have a past history of paying their accounts on time.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation manages the risk by establishing budgets, maintaining cash reserves, obtaining government funding when required and credit facilities, establishing cash forecasts and monitoring cash flows as well as matching terms of investments to the timing of planned disbursements. The Corporation invests surplus cash in high credit quality government and corporate securities in accordance with the policies approved by the Board of Directors and in line with guidance from the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

As at March 31				**2024**
	Carrying amount	**Less than 3 months**	**3 months to 1 year**	**Over 1 year**
	$	**$**	**$**	**$**
Trade and other payables	**1,726**	**1,318**	**408**	**-**
Long-term debt payable	**40,974**	**164**	**9,374**	**31,436**
Lease liability	**652**	**49**	**173**	**430**
Total	**43,352**	**1,531**	**9,955**	**31,866**

As at March 31				2023
	Carrying amount	Less than 3 months	3 months to 1 year	Over 1 year
	$	**$**	**$**	**$**
Trade and other payables	1,703	1,198	505	-
Holdbacks	163	163	-	-
Long-term debt payable	50,523	167	9,382	40,974
Lease liability	906	64	174	668
Total	53,295	1,592	10,061	41,642

23. Financial Instruments (continued)

MARKET RISK

Market risk is the risk of an impact on results from changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is exposed to all of these risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is subject to interest rate risk on its cash and cash equivalents. A 1% variation in interest rates at March 31, 2024, would not be material.

Certain fair value through other comprehensive income investments bear interest at a fixed rate. Fair value through other comprehensive income investments also include bonds of the Government of Canada, provincial governments, and corporate banks with fixed rates of interest and an average term to maturity of 1.1 years (2023 – 1.3 years). The fair market value of these instruments is indirectly affected by fluctuations of the market interest rate. The impact of a hypothetical 1% variation in interest rates at March 31, 2024 would not be material.

Credit facility, loans payable and bonds payable also bear interest at fixed rates. However, a change in the fair value would not impact the net income of the Corporation as the Corporation holds the liabilities until maturity.

A material variation in exchange rates during the year would significantly affect toll revenue as there is a direct correlation between the volume of traffic and the exchange rates. Assuming that volumes would not be impacted by the exchange rate, a hypothetical 1% weakening of the Canadian dollar during the course of the fiscal year would have had a $144 (2023 - $113) increase in recorded toll revenue. The Corporation's U.S. cash is held in different banks, due to the Corporation's U.S. bridge operating partners utilising locally available banks. At March 31, 2024, the Corporation's U.S. dollar bank balance was $623 (2023 - $846). A hypothetical 1% variance in the exchange rate at March 31, 2024 would not be material. The Corporation manages this risk by periodically adjusting the toll rates for parity with the foreign exchange rate, and by converting currencies where applicable.

CAPITAL MANAGEMENT

The Corporation defines its capital as its retained earnings, share capital and accumulated other comprehensive income. As per legislative authorities, the maximum amount that the Corporation can borrow is $130,000 with Minister of Finance approval (2023 – $130,000).

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives.

24. Subsequent events

The Corporation, through the Government of Canada's 2024-25 Expenditure Plan and Main Estimates, has secured funding for the 2024-25 fiscal year of $1,019 to support continued operations and $16,904 to support capital asset acquisitions. Funds for fiscal year 2024-25 have been formally authorized as part of an annual *Appropriation Act* by the Government of Canada on June 20, 2024.

Directors and Officers

The Federal Bridge Corporation Limited

BOARD OF DIRECTORS

(as of March 31, 2024)

Pascale Daigneault	Chairperson
Marie-Jacqueline Saint-Fleur	Vice-Chairperson
Natalie Kinloch	Director
John Lopinski	Director
Andrew Travis Seymour	Director
Rakesh Shreewastav	Director
Vacant	Director
Jacques E. Pigeon	Corporate Secretary

Committees of the Board Of Directors

FINANCE AND AUDIT COMMITTEE

John Lopinski	Chairperson
Marie-Jacqueline Saint-Fleur	Member
Andrew Travis Seymour	Member

GOVERNANCE, POLICY AND HUMAN RESOURCES COMMITTEE

Rakesh Shreewastav	Chairperson
Andrew Travis Seymour	Member
Marie-Jacqueline Saint-Fleur	Member

OFFICERS AND SENIOR MANAGERS

Natalie Kinloch	Chief Executive Officer
Richard Iglinski	Chief Financial Officer
Thye Lee	Vice-President, Engineering and Construction
Rémi Paquette	Chief Corporate Services Officer
Karen Richards	Chief Operating Officer

The Seaway International Bridge Corporation, Ltd.

BOARD OF DIRECTORS

(as of March 31, 2024)

Natalie Kinloch	President
Carrie Mann-Lavigne	Vice-President
Anthony Fisher	Director
Richard Iglinski	Director
Thye Lee	Director
Kevin O'Malley	Director
Karen Richards	Director
Jeffrey Scharf	Director

Committees of the Board of Directors

MANAGEMENT COMMITTEE

Natalie Kinloch	Chair
Carrie Mann-Lavigne	Member

AUDIT COMMITTEE

Kevin O'Malley	Chair
Richard Iglinski	Member
vacant	Member

OFFICERS AND SENIOR MANAGERS

Natalie Kinloch	President
Carrie Mann-Lavigne	Vice-President
Richard Iglinski	Treasurer
vacant	Assistant-Treasurer
Marc Chénier	Bridge Director

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Joe Dedecker, *Bridge Director*

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Marc Chénier, *Bridge Director*

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Timothy Sturick, *Executive Director*